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EDITORIAL

As We See It

We are hearing more and more about "administered prices." A few are now also talking about "administered wages." If all this were confined to the formulation of general theory, the matter could be safely left to those who are fond of abstractions. Such, however, is not the case. As was true some decades ago when these ideas were first formulated, they now are being applied to current economic conditions which reflect underlying factors which few have the hardihood to face or the realism to recognize. The fly in the ointment now is a persistent tendency for certain prices and most wage rates to rise regardless of broad economic conditions. And it is convenient to those who dislike the thought of balancing the budget to be able to charge it all to "administered prices."

Of course, labor union sympathizers refuse to apply the term to wages, but they are not loathe to apply it to prices in support of their proposals for increased expenditures which current revenues fail to cover and in an effort to parry charges that the unions are in very substantial part, if not chiefly responsible, for the inflationary dangers. This, so it is believed, leaves the way open to the labor monopoly to demand higher and higher wages, and at the same time lays a basis for reckless fiscal policies and unsound monetary and credit practices. With the guilty label pinned on "administered prices," they can in one and the same breath condemn inflation and urge programs which can be counted upon to stimulate it.

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The Market Outlook

By ANTHONY GAUBIS*
Anthony Gaubis & Company, New York City

Investment counselor comes directly to the point as to why the stock market as a whole is now in a selling rather than in a buying area, and what should determine the extent of equities in one's portfolio. Mr. Gaubis is not unaware of the inflation argument, and the long-run prospects for common stock, and other factors supporting the stock market. Aware of public's near liquidity, the writer warns Wall Street professionals not to fan the speculative fever until the public runs out of money or until the Fed takes drastic measures. For the short run, he advises channeling new funds in either tax exempts, or short-term corporates or governments.

In the Spring of 1929, Secretary of the Treasury Andrew Mellon was asked for his opinion on the securities markets. His answer, as some of you may recall, was "This is a good time to buy bonds." Of course, this was not a very popular view at that time, and was generally ignored or laughed at in Wall Street as reflecting a lack of imagination as to the wonderful long-term prospects for an economy which had enjoyed such an excellent rate of expansion during the preceding eight years. It is equally unpopular today to suggest that investors might well be thinking about buying bonds rather than stocks but, for reasons that I shall summarize, I feel that Mr. Mellon's advice could well be repeated today.

Anthony Gaubis

Of course, conditions are currently very different than they were in 1929, but this does not mean that we could not have another 50% decline in stock prices, as was witnessed in 1937; or at least one comparable with that experienced in 1946, when the market averages declined by 25% before government efforts to prevent a downward spiral could take effect.

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*An address by Mr. Gaubis before the 12th Annual Farmers & Merchants Bank Forum, Long Beach, Calif., March 12, 1959.

The Sky Does Not Limit The Future of Electronics

By WILLIAM H. COOLEY
President, Television Shares Management Corporation; Vice President, Television-Electronics Fund, Inc.

Well versed in electronics industry as an area of investment, Mr. Cooley analyzes probable developments and applications said to afford a tangible measure of growth. Dividing the industry into four segments, the writer finds each one shows improvement this year so that total volume will reach a new high of $8.6 billion in 1959 as compared to $7.9 billion in 1958. Concludes that, as far as the progress of electronics is concerned "the sky most assuredly is *not* the limit."

Any discussion of the immediate or distant future of Electronics must begin with an examination of the nature of this dynamic force which, in a comparatively brief period of time, has wrought tremendous changes in our physical and economic life. To cast Electronics in the limited role of a single industry is to ignore not only the vast scope of its applications to date, but also to unnecessarily circumscribe its known potentials.

William H. Cooley

Electronics must first be taken as a science which, of itself and allied with other sciences, has already contributed a great deal to man's knowledge, capabilities, comfort and amusement. Its only limits are imposed by a lack of imagination; in itself there is no perimeter of ultimate accomplishment, no boundaries to its potential to serve mankind.

How do you measure a science? How do you translate what it may do, what it could do in terms of dollars and cents, or in terms which may spell the difference between a good and bad investment? Obviously, the job is not easy because some of the necessary elements for a sound analysis are elusive, requiring no small amounts of imagination, faith and

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 38.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

GLENN C. PETERSEN

Seligmann & Company
Milwaukee, Wis.

Duffy-Mott

Duffy-Mott purchased Clapp's Baby Food in December, 1953 and since its acquisition has engaged in an active merchandising campaign to rebuild the sales volume lost in years prior to acquisition. They have increased the Clapp line from 39 to 96 items and it now includes juices, fruits, vegetables, meats and cereals. Many of these products are fortified with vitamins and other nutritional supplements. The entire Clapp line is packed in glass and they are constantly working to maintain the highest standards of purity and quality.

Glenn C. Petersen

At present the distribution is concentrated in Eastern chain stores and supermarkets where they are engaged in an active merchandising campaign and have greatly increased the sales of the Clapp line since the acquisition.

The Clapp's name was one of the two original names in the baby food field and although their sales volume is still small compared to its nationwide competitors, they have regained their position as one of the leaders in its present distribution outlets.

The Clapp line now accounts for 22% of Duffy-Mott's total gross sales and with the start of active merchandising campaigns in other parts of the country, coupled with constant birth increases, a much greater portion of their business in coming years will be derived from baby food sales.

Duffy-Mott now furnishes its growers with specially selected seeds for many of its vegetable baby products and inspects the progress and harvesting of these crops. The fruits for the fruit baby products are obtained from established orchards and are processed locally to insure freshness and high quality in the finished product.

At present the major portion of Duffy-Mott's sales come from their apple and prune products which accounts for 76% of their gross sales. They are the leading producers of these products sold at retail, the more important of which is apple sauce and apple juice sold under the Mott's name, and prune juice sold under the name of "Sunsweet."

Most of Duffy-Mott's expansion has taken place in recent years which enables them to have equipment of advanced design for processing and preserving foods. All products are processed in closed stainless steel systems sealed to insure the highest quality. The methods of preserving foods are instantaneous "flash" pasteurization in stainless steel plate and tubular heat exchanges, and gentle low temperature cooking in large retort pressure cookers. The "flash" method is used for fruit juices and fruits, while the retort pressure method is used for most of the baby food products.

Duffy-Mott's capitalization is very simple with only 600,000 shares of common stock outstanding and $1,650,000 of 4⅜% sinking fund notes.

Their earnings are as follows:

Year	Erns. Per Sh.
1951	$0.75
1952	0.76
1953	0.83
1954	0.85
1955	0.92
1956	1.40
1957	1.65
1958	1.93

It can be seen that since the acquisition of Clapp's Baby Foods it took only 4 years for the earnings to double and this trend should continue for many years to come.

The current dividend rate is 20c quarterly which is very amply covered and could be easily increased with any further increase in the earnings.

Duffy-Mott is selling at about 26½, or a little over 13½ times earnings. It would appear very reasonably priced when compared with Gerber's selling at 20 times earnings. The stock is traded in the Over-the-Counter Market.

EDWARD A. WHITE

Vice-President and Treasurer
White & Co., St. Louis, Mo.

Members Midwest Stock Exchange
American Stock Exchange (Associate)

Stuart Hall Company, Inc.

A dynamic company in a growth industry selling at 8¾ and paying 44¢ in regular quarterly payments of 11¢ per share plus 3% per year in stock, the Stuart Hall Company of Kansas City, Missouri finds itself in a rapidly expanding market for its products. The company produces a full line of boxed, packaged social stationery, school supplies, packaged envelopes, writing tablets and commercial stationery supplies which are distributed nationally through major distributors and directly through the major chain drug stores, and chain grocery stores. In addition, Stuart Hall products are sold throughout the world in ship stores on our fighting vessels and post exchanges maintained by our armed forces.

Edward A. White

Let us take a close look at the tremendous market for these products. Public school enrollments which were 23,657,158 in 1946 will by 1960 reach an estimated 37,152,000. In each year 1,281,000 more students than ever before will enroll in our schools. If you add private, parochial and other specialized schools such as nursing, etc. present school enrollments would total 43,135,000 for an annual growth in student population of 1,769,000. The number of students is tremendous, the task to house them in schools and to educate them another tremendous undertaking. Over $19 billion have been spent on new schools alone since World War II. This phase accounts for 20% of all public construction and the proportion is rising steadily.

The total school supply market for books, paper, gymnasium equipment, etc. is estimated at over $509,800,000. The Stuart Hall Company is gearing to meet this ever increasing demand. Sales of school supplies are the highest in the company's history and new plant facilities are being erected in order to meet this need exclusively. The school supply market is the spending of dimes for tablets, not millions for buildings. The importance of this market to the company is further underlined when you realize that over the next decade the major problem confronting Stuart Hall will not be sales but production of goods to serve this market.

In the drug and chain store field Stuart Hall commands a nationwide distributive network unequalled in its industry and unequalled by many of the larger pharmaceutical houses. Stuart Hall has been an innovator in this field, one of the first to wrap its goods in cellophane to allow the dealer to bring them from under the counter to the top of the counter so that they might be displayed better. Stationery and allied lines are products which are purchased because of their accessibility and attractiveness and by use of racks, special counters, tables and stands the Stuart Hall Company has increased the accessibility of its products to the potential buyer. Hundreds of new ideas are presented daily through the art department to the group management staff in order to keep the Stuart Hall line bright and up to the minute.

The company produces and markets the largest selling box of stationery at $1.00 in the country today. It has had the largest percentage of growth in sales of any company in its industry. Its use of group management techniques has tended to build a large and aggressive team of officers, giving not only added stability to the company through group policies, but also helping to build a depth of management not usually found in a company of this size.

The company has moved from its present four plants into one large structure consisting of over 200,000 square feet of manufacturing space where seven over the road trailer trucks and four freight cars may load and unload simultaneously. New warehouses in Los Angeles, and Jacksonville, Florida have been acquired to speed deliveries of Stuart Hall goods.

Capitalization consists of approximately 163,000 shares of common stock of $1.00 par value held by the public, in addition, 231,000 shares of Class B common stock is owned by the family of the founder, Charles G. Hanson.

In addition, $600,000 of 6% convertible debentures were sold by the company early in 1958 which are convertible into the common stock at $8.54 a share. The bonds have a sinking fund, are callable at 105 and are due in 1977.

It is anticipated that sharply increased earnings will come forth in 1959 as a result of sharply increased volume without commensurate increases in selling costs.

Here we feel is the crux of the Stuart Hall story and the reason we are so pleased with the situation. For the past 10 years this company has been building a sales and distribution network. This building job was necessarily a costly one. Even though volume continued to increase year by

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This Week's Forum Participants and Their Selections

Dramatic Electronics' Advance Takes On Space Age Challenge

By JOHN L. BURNS

President, Radio Corporation of America, New York City

Expansion in defense electronics amounting to at least 14% over last year's $3.6 billion, paced by miniaturization, is forecast for 1959 by RCA head. Mr. Burns calls on business to take the initiative as partners with Government in preparedness. The writer refers to his firm's advance in micromodule concept, and praises the ruggedness and compactness of the sealed circuit in the Sage system and in missiles.

Dramatic advances in electronics are helping the United States to meet the challenge in national defense and space exploration.

John L. Burns

New electronic control devices are adding startling dimensions of accuracy to our planes and missiles, and new long-range radars are strengthening our warning systems. Advances in miniaturization have led to the development of a vast array of new devices, including one laboratory model in which a half-inch strip of germanium promises to perform functions that now require a circuit arrangement of 80 separate components.

The recent Atlas "talking satellite," whose communications system was developed by RCA and the Army Signal Corps, opens the way to new uses for missiles and space vehicles. RCA engineers are even now studying the possibilities of specially equipped satellites for space mail delivery, communications relays, and orbital weather stations.

Increased Defense Electronics Seen

Electronics' expanding role in national defense is sharply pointed up by the fact that the defense electronics business has increased by almost 700% since 1950. We look for continued expansion in defense electronics. Defense sales in 1959 for the industry as a whole can be expected to rise by at least 14% over last year's $3.6 billion. RCA anticipates an increase in its defense business from $300 million in 1958 to about $400 million this year.

It has long been my conviction that the strengthening of our defense posture requires action by both business and Government as partners in preparedness. I believe business must take the initiative in identifying, defining, studying and solving the problems that face our military establishment. It must come up with better equipment and better procedures to meet our military needs.

Miniaturization's Advance

One of the most dramatic recent advances in military electronics is in the area of miniaturization. A revolutionary new micromodule concept can reduce many defense items to one-tenth—and in some cases to as little as one-thousandth—their present bulk.

Experimental circuits, including entire assemblies of transistors, wiring and other elements, have been compressed by RCA into micromodules no bigger than a cough drop.

A significant breakthrough has been achieved with the micromodule concept — one that holds great promise for improvement of missiles and space vehicles. A single unit, or module, can be built to function as an amplifier, oscillator, filter and the like, in aggregate, to meet specified needs in electronic circuit design.

RCA is now at work on a two-year, $5,000,000 contract with the U. S. Army Signal Corps for development of the micromodule concept to the point where ground tactical, fixed plant, and airborne systems can be sharply reduced in bulk and weight.

Praises Sealed Circuit Toughness

Notable advances have also been achieved in printed circuits—boards on which the wiring for an electric circuit is permanently etched or stamped. The board is made for, say, a television set, and the wiring pattern and soldered component connections are actually sealed in a coating of moisture-impervious wax.

Today these devices have proven so useful and essential in so many electronic products—not the least of them the missiles in our nation's arsenal—that some $35 to $40 million worth are expected to be produced this year. This is an 800% increase over five years ago.

Sealed circuits herald revolutionary progress in micro-miniaturization. They permit the development of electronic systems that take up only a fraction of the space required by ordinary wired circuitry. And they are much more rugged than the conventional wiring systems. They have to be to function in a missile traveling 17,000 miles an hour.

The whole SAGE system — the nation's primary military warning complex—utilizes sealed circuits. They are in big and little missiles. When a man presses a button in Kingston, N. Y., to fire a missile from Cape Canaveral, Fla., to intercept a drone target at sea, every function from beginning to end is carried out through sealed circuits.

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Viewing the Market Through Electronic Eyes

By Dr. IRA U. COBLEIGH

Enterprise Economist

Current comment on electronic shares in general; and some reflections on certain issues which seem to have developed supersonic velocities and stratospheric altitudes in recent markets

For openers, consider that we live in an electronic world! We're wakened by an electric alarm clock, in a home heat-controlled electronically; we shave with an electric razor by light from an electric bulb; breakfast from an electric toaster and electric coffee percolator; turn on the radio or TV for the morning news (which had been gathered by

Ira U. Cobleigh

telephone, cable, and teletype); start the car with a battery driven starter, and make it go with spark plugs; ride up to our office in an electric elevator; dictate to an electronic recording machine; sign letters tapped out by Tillie on the electric typewriter; pay bills prepared by electric bookkeeping machines; look at an electric stock ticker at lunch time; phone for a plane reservation; and while aviating on a radar beam, read in a paper, turned out on electric presses, all about jazzy rockets taking off from Cape Canaveral, 60% of whose costs are for the electronic gadgets that activate control, guide, record, chart and report their astronautic courses. Without electricity our civilization would really have "tired blood"!

Industry Within an Industry

But writing about electronics is tough. You don't know where to begin; and the terminal facilities are infinite. At the risk of over-simplification, however, we'll approach today's stint by dividing electronics into two parts—consumer; and industrial, commercial, and military electronics. The consumer segment is much better known and easier to talk about. It consists broadly of television sets, home, car, and portable radios, standard phonographs; and the more recent and more sophisticated embellishments of same, hi-fi and stereophonic sound. For these consumer items, business was off in 1958. For example radios (all types) recorded a total retail sales of about 12,700,000 units in 1958, against 15,217,059 in 1957. (The best year historically was 1947 with 20.8 million units sold.) Television sets, sold at retail in 1958, totaled around 5,250,000, against 6,560,220 in 1957 (the big TV year was 1955 with 7.4 million unit sales). In single phonographs, not including those combined in radio or TV cabinets, sales were about 2.9 million in 1958 against 3,716,898 for 1957, the best year in history. Totally, consumer products accounted in 1958 for 17% of the electronic industry dollar volume, as against 20% in the preceding year. But this consumer section was the only lagging segment in 1958. Elsewhere the industry was in one prolonged roaring dynamic upcurve. Both parts will move ahead again this year, with better consumer TV sales, and a heavy upsurge in hi-fi and stereo; and, on the other side, broad expansion across-the-board, sparked by a $5 billion spending budget for electronic hardware for missiles and rockets alone.

RCA and Columbia Broadcasting

As the largest and most diverse company in electronics Radio Corporation of America deserves a lead-off spot in any corporate commentary on the industry. RCA earned $2.01 for 1958, almost 20% below 1957. Broadcasting earnings were sturdy but TV sets were a hard sell, and color TV, in which RCA has pioneered and soloed, has had a tough time striking pay dirt. For this year a commendable improvement seems in prospect. The Government order backlog is now in the order of $310 million; Government anti-trust action is no longer a threat; and much new romance to the company was added recently with the announcement of a new, thimble-sized electronic receiver, the "Nuvistor," a tube so small and so versatile that it may compete with transistors. RCA should earn $2.70 this year. It bounced up past 56 last week but even that new high is only 21 times the foregoing projected earnings for 1959, and 21 is a quite modest times/earning ratio for a first rate electronic share these days.

Columbia Broadcasting Co. should have another good year in 1959 with sales running well over the $400 million mark. Columbia has been a progressive company pioneering by introducing the LP record in 1948; now leading in the field of stereophonics; and with its Columbia Record Club boasting several hundred subscribers. Columbia's traditional excellence in earning power through broadcasting continues; and Columbia has a big property in "My Fair Lady" both in present boxoffice and the movie and TV rights for the future. At 40 CBS still has an attractive look with possible earnings of around $3.45 for 1959. Dividend is $1.20; and CBS has paid cash dividends continuously since 1931.

ITT and Hoffman Electronics

Perhaps the most romantic of the big electronics recently (except perhaps IBM) has been International Telephone. It took years to get above $30 a share but since it got above that, it moved like a rocket to new highs. Since the 2-for-1 split it crossed to 42½ (85 for the old stock). Here's a company where patience has been rewarded: and the stock has attracted in recent months an enthusiastic market following. Dividend is $1.

Another interesting company is Hoffman Electronics Corp., the lengthened shadow of its founder and President, Mr. H. Leslie Hoffman. It has moved swiftly forward as a specialist in proprietary products and proprietary know-how, abetted by a strong marketing organization. Through Hoffman Laboratories Division the company is a major factor in military electronics with 12 major production contracts and 16 R and D programs covering a wide range of products from components to communication, radar, guidance and navigation systems.

Hoffman consumer products include a strong stereo line, and traditionally fine TV sets, and an improved distributor and dealer organization to sell them. Hoffman Semiconductor Division, now seven years old, pioneered in the silicon solar cell. Its semiconductor business is one of the fastest growing lines.

For 1958 Hoffman grossed about $40 million and earned $2.30 per share. This year a gross of $50 million is anticipated with a corresponding rise in per share net. If the stock seems a bit full priced at 54 paying $1, it should be remembered that Hoffman has displayed for several years a powerful up-curve in sales and profits; and benefits from a highly competent and respected management team.

Emerson and Others

If your interest in electronics turns to motors, you ought to take a look at Emerson Electric and Manufacturing Co. This is probably the lowest cost company in the business. It turns out principally motors for air conditioning and refrigeration units; and its motors are uniquely effective in many automation systems. Emerson, through its electronic division (which accounts for about one-third of gross), has been supplying elements for the Honest John and Little John missiles. Emerson Electric should earn around $4.30 this year on the basis of which the present price of around 56 for the common does not appear too exalted.

We haven't time to begin to cover the dozens of interesting and exciting electronic shares, about which this market seems to have gone just a little mad. Consider some of the 1958-59 price rises! Servo from 3¾ to past 43;

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The State of Trade and Industry

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Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Substantial gains in radio and television set production are predicted for 1959 by "Electronics," the McGraw-Hill publication.

Preliminary figures indicate 5.5 million TV sets and 13.5 million radio receivers will be turned out this year, the magazine said.

The TV totals would be 11.8% above the 4,918,000 sets produced in 1958, and the radio figure would be up 7.3% over last year's 12.6 million units.

The magazine reported the brighter TV production picture was due to the increasing number of second sets in homes and continuing high levels of replacement of obsolete receivers. Stepped-up auto production was cited as one factor underlying the expected rise in radio production.

"Of course, improved business conditions exert positive influence on the entire consumer electronics market," the magazine said.

Of the estimated radio output for 1959, 4.5 million will be auto sets and nine million will be home, clock and portable units. Some 5,170,000 of the TV sets will be very high frequency receivers and the remaining 330,000 units will be ultra high frequency.

The magazine said the lowered UHF production would comprise only 6% of the 1959 TV totals and represent a continuation of the drop in UHF production. In 1956, UHF sets made up 13.5% of overall TV manufacture.

Nationwide Bank Clearings Up 2.7% March 14th Week

Bank clearings this week show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based on telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, March 14, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 2.7% above those for the corresponding week last year. Our preliminary totals stand at $23,958,206,732 against $23,320,852,766 for the same week in 1958. At this center there is a loss for the week ended March 14 of 4.1%. Our comparative summary for week ended March 14 at the principal money centers was as follows:

	1959	1958	%
New York	$12,208,675,620	$12,733,988,811	— 4.1
Chicago	1,223,688,042	1,111,598,290	+10.0
Philadelphia	1,060,000,000	977,000,000	+ 8.5
Boston	656,715,672	645,769,791	+ 1.7

Unemployment Claims Dip 17% for Feb. 28 Week

Reflecting fewer layoffs in the construction, primary metals, electrical equipment, and lumber industries, initial claims for unemployment insurance fell 17% during the week ending Feb. 28, and a year-to-year decline of 40% prevailed. The most noticeable decreases occurred in California, Illinois, New York, and Pennsylvania, reports Dun & Bradstreet, Inc.

Factors Behind Copper Buying Upsurge

Better business, strike fears and the threat of higher prices are causing an upsurge in copper buying, reports "Purchasing Week," a McGraw-Hill publication.

In a survey of purchasing executives, the publication found that they expect the new firmer trend in prices to continue into Spring, and most expect prices to run about a half-a-cent a pound more than current copper prices, with some part of the rise coming within the next two months.

Much of the force will come from rising copper consumption. With higher demand, copper prices are expected to move upward.

And since labor-management contracts in the copper industries end this Summer, a few buyers feel a copper strike is very possible; they want to hedge against a strike and beat price increases by carrying somewhat higher-than-normal stocks.

Feast and Famine Year for Steel Industry?

This will be a feast-and-famine year for the steel mills regardless of whether there is a steel strike, according to "The Iron Age,," national metalworking weekly.

"Iron Age" said the mills are having their "feast" in the first half of the year as their customers load up with inventory due to uncertainty of the steel labor outlook.

But in the second half, said "Iron Age," here's what will happen:

If there is a strike—the mills, of course, will lose production that would be very hard to make up. Once a strike starts, it

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Observations . . .

By A. WILFRED MAY

ALONG WITH DISHING OUT THE MONEY

Far more is involved in the Mutual Security Program than the dollar amounts requested by President Eisenhower ($3,930,000,000) and by the Draper Committee ($1,000,000,000 for economic assistance and $2,400,000,000 in military aid). For example, something must be done by way of getting for us from our donees some of the credit due us for our largesse. A recent "Gallup Poll" taken in India disclosed almost 30% of the respondees imagining that the USSR has assisted India's Five Year Plan more than has the United States. Actually the complete reverse in a proportion of 25 to 1 has been the fact. Although such loading of the dice favoring an authoritarianly run effort is unavoidable, more can be done to give our democracy its "public relations" due.

A Wilfred May

And then, to combat Red China's economic penetration in Asia more than our money is required, unless it be given in absolutely unlimited amounts. As one of the weapons in her trade warfare for political ends, through her Bank of China's branches, she extends completely uneconomic credit terms—extending from 10 to 20 years at a 2½% interest rate. Furthermore prices on goods sold are guaranteed against all competition, not only at sale time or at the period of delivery, but actually up to the time of payment. Such strategic techniques by the Communists, together with dumping and other varieties of political pricing, nullify any benefit to us from our aid extended throughout Southeast Asia.

Needed Clarification of Objectives

More must be done toward defining and delineating our economic and political aims. In contrast to the Kremlin which knows exactly what it wants every step of the way, our policies become confused in techniques ranging from the frankly politically-motivated channeling through the Export-Import Bank, to pressing for ever larger payments for dispensation of our money through the United Nations, with manifestations of a guilty conscience over gaining any possible credit from our largesse.

Manpower Shortage

Also along with the ladling-out of money must we increase our efforts to develop trained manpower. We must supply the underdeveloped countries with much more professional, managerial and technical personnel, and help them develop their own. We can do much more in training our young men for overseas service in business and government.

And directly on-the-beam of combatting the politico-trade tactics from Moscow and Peiping, we must take concrete measures toward stimulating the flow of private investment to the underdeveloped countries—through tax incentives as well as providing measures of protection to investors.

Our Un-Statesmanlike Trade Policies

Directly inconsistent with "statesmanlike" giving is our current trend in international trade policy. Highlighting our intensification of protectionism is the new mandatory restrictions on oil imports. And our increasing chauvinism toward England was impressively pointed out last week by Sir David Eccles, her dashing Minister of the Board of Trade in an address to the Chamber of Commerce in London. He effectively pointed out the contrast between our long-continued generosity in pouring out dollars through the Marshall Plan, Point Four and other aid on the one hand; and our current adoption of restrictive commercial policies on the other. In the latter negative category he justifiably cited our quotas on lead and zinc, the disqualification of British tenders for the Greers Ferry and other electrical contracts, and the imposition of wool tariff quotas discriminating against Britain's high quality goods.

Whatever the pluses and minuses of our foreign aid activities, and irrespective of the amount of Mutual Security largesse which the Congress decides on, surely the outpouring of the dollars constitutes merely half the picture!

J. C. Wheat Co. to Admit Two Partners

RICHMOND, Va.—J. C. Wheat & Co., 1001 East Main Street, members of the New York Stock Exchange, on April 1 will admit Ronald A. Cain and William M. Meredith to partnership. Mr. Meredith will make his headquarters at the firm's Roanoke office, 302 South Jefferson Street.

Inflation and Welfare State-ism

By DR. F. A. HAYEK*
Professor of Economics, The University of Chicago

Internationally known economist, formerly leader of the so-called Austrian School, warns nowadays money is depreciated by subtler methods less recognizable by the public; as through union wage pressures and full employment policies. Points out price rises of past quarter century represent major change from previous two-century record. Maintains in order for inflation to retain its initial stimulating effect, it must proceed at a rate accelerating always faster than was foreseen, with cost-planning by business losing all meaning. Points out tempting quality of inflationary policies, and that they make governments the captives of their own earlier decisions.

With government in control of monetary policy, the chief threat in this field has become inflation. Governments everywhere and at all times have been the chief causes of the depreciation of the currency. Though there have been occasional prolonged falls in the value of a commodity money, the major inflations of the past have been the result of government either diminishing the coin or issuing excessive quantities of paper money. It is possible that the present generation is more on its guard against the cruder ways in which currencies were destroyed by governments paying their way by issuing paper money. The same can be done nowadays, however, by subtler procedures the public is less likely to notice.

Friedrich A. Hayek

Every one of the chief features of the Welfare State tends to act in this direction. The wage pressure of the labor unions combined with the current full employment policies works in this manner, and the heavy burdens which governments are assuming through old age pensions are likely to lead to repeated attempts to lighten them by reducing the value of money. It also deserves notice, whether this is a necessary connection or not, that in fact governments seem invariably to have resorted to inflation to lighten the burden of their fixed obligations whenever the share of national income which they took exceeded about 25%.[1] And we have also seen that, because under a system of progressive taxation inflation tends to increase tax revenue proportionately more than incomes, the temptation to resort to inflation is greatly strengthened.

Inflation and Welfare Stat-ism Interacting

If it is true, however, that the institutions of the Welfare State tend to favor inflation, it is even more true that it was the effects of inflation which have created the demand for welfare measures This is true not only of some of those we have already considered but also to many others which we either yet have to examine or can merely mention here, such as rent restrictions on dwellings, food subsidies and all kinds of controls of prices and expenditure. The extent to which the effects of inflation have in recent times provided the chief grounds for an extension of government controls is too well known to need more illustration. But the full degree to which for now over 40 years throughout the whole world developments have been determined by an unprecedented inflationary trend is not sufficiently understood. The best measure for its extent is perhaps the influence it has had on the efforts to provide for their old age of the generation whose working life covers that period.

The Quantitative Depreciation Record

It will help to gain a conception of what inflation has done to the savings of the generation now on the point of retiring if we give here the results of a simple statistical survey.[2] The question it was intended to answer was what would be the present value in various countries of the accumulated savings of a person who for a period of 45 years from 1913 to 1958, had every year put aside the equivalent in money of the same real value and invested it at a fixed rate of interest of 4%. This corresponds approximately to the return which the small saver in Western countries could have obtained on the kind of investment accessible to him, whether its actual form was a saving account, government bonds, or life insurance. We shall represent as one hundred the amount the saver would have possessed at the end of the period if the value of money had remained constant. What part of this real value which he was entitled to expect he would possess in the end, would such a saver actually have had in 1958?

It seems that there is only one country in the world, namely Switzerland, where this would have amounted to as much as 70%. Still relatively well off would be the saver in the United States and Canada who would still get about 58% of what he had reason to expect. For most of the countries of the British Commonwealth and the other members of the "Sterling Bloc" the corresponding percentage would be around 50%, and for Germany, in spite of the wiping out of all pre-1924 savings, still as high as 37%. The investors in all those countries were still very fortunate, however, compared with those in France or Italy, who would have retained only between 11 and 12% of what the value of their savings over the period ought to have been at the beginning of 1958.[3]

It is usual today to dismiss the importance of this long and world-wide inflationary trend with the comment that things have always been like that and that history is largely a history of inflation. However true that may be in general, it is certainly not true of that modern period during which our modern economic system developed and during which wealth and incomes grew fastest. During the 200 years preceding 1914, during which Great Britain adhered to the Gold Standard, the price level, so far as this can be meaningfully measured over such a period, fluctuated around a constant level, ending up pretty well where it started and (except during the period of the Napoleonic wars when the Gold Standard was abandoned) rarely changing by more than a third above or below that average level.[4] Similarly, in the United States, for the period 1749-1939 there also does not seem to have occurred a signifi-

Continued on page 31

*Excerpts from a forthcoming book by Professor Hayek, "The Constitution of Liberty", expected to be published in 1960.

1 See Colin Clark, "Public Finance and Changes in the Value of Money", *E.J.* LV, 1945, and compare the discussion of his thesis by J. A. Pechman, T. Mayer and D. T. Smith in *R. E. & S.*, XXXIV, 1952.

2 The figures quoted in the text are the result of calculations made for me by Mr. Salvator V. Ferrera, whose assistance I gratefully acknowledge. They were necessarily confined to those countries for which cost of living index numbers for the whole of the forty years period were readily available. I am deliberately giving in the text only round figures, because I do not believe that the results of this kind of calculation can give us more than rough indications of the orders of magnitude involved. For those who wish fuller figures I give here the results for all the countries for which the calculation has been made with one decimal:

	%
Switzerland	70.0
Canada	59.7
United States	58.3
Union of S. A.	52.3
United Kingdom	50.2
Sweden	50.1
New Zealand	49.9
Norway	49.4
Egypt	48.2
Denmark	48.1
Netherlands	44.0
Ireland	42.1
Germany	37.1
Belgium	28.8
Peru	20.6
Italy	11.4
France	11.4
Greece	8.4

3 So far as France is concerned, this of course does not take into account the effects of the considerable further depreciation (and consequent devaluation) of the French Franc in the course of 1958.

4 There is no continuous index number available for the whole of this two-hundred-year period, but the approximate trend of prices can be gauged by piecing together the data given by Elizabeth W. Gilboy, "The Cost of Living and Real Wages in Eighteenth Century England", *R. E. & S.* XVIII, 1936, and R. S. Tucker, "Real Wages of Artisans in London, 1729-1935", *Journal of the American Statistical Association* XXXI, 1936.

Facing Instalment Credit Problems To Achieve Balanced Growth

By JESSE W. TAPP*
Chairman of the Board, Bank of America N.T.&S.A.
Los Angeles, California

Mr. Tapp sets forth succinct views on "balanced economic growth" without inflation and with "defense first," and the role of instalment credit therein. The banker warns his colleagues that renewed attempts to expand credit controls—going beyond instalment credit—are inevitable unless bankers cease adopting a negative attitude toward the effect of instalment credit and give strong support to sound public and private fiscal policies. The writer describes difficulties in qualitative control selection and administration, and hopes the answer is not in direction of more and more controls. Nevertheless, he poses for consideration the extent of non-discrimination supposed to exist in exercise of quantitative monetary controls.

We should keep in mind certain basic characteristics of our advanced economy which are of vital importance when we talk about the use of instalment credit in relation to balanced economic growth:

Jesse W. Tapp

(1) In our country we are favored with high productivity per capita in terms of goods and services over and above the needs for survival. This margin has greatly increased over the years; and if given sufficient rein of freedom, our economy is capable of making this margin an ever growing one. Stated another way, the level and broad distribution of personal incomes in our economy is capable of providing mass markets for our increasingly productive private economy.

(2) Mass distribution techniques are required in our economy in order to support our capabilities in the mass production of consumer goods. The device of instalment credits, properly used, is capable of giving additional breadth to both the production and distribution aspects of our advanced economy.

(3) The increasing complexity and cost of the gadgets which are a part of our standard of living, transportation, and other activities can hardly be available on a sufficiently broad scale without the use of an important measure of some type of instalment credit.

In our type of economy then, the important role of instalment credit in contributing to economic growth is undeniable.

Economic Growth, Defense and Inflation

The concept of economic growth in terms of goods and services produced is a fairly simple one. Over the years, our accomplishments in this respect have been very great, although at times sporadic. In spite of our large expenditures for past, present, and future wars, we can boast of an unsurpassed per capita standard of living expressed in terms of goods and services consumed by our people. This process of economic growth has been greatly aided by capital accumulation and by great strides in technological achievement in a variety of fields. We all want and expect this program to continue. But increasingly, we hear it said that we must have balanced economic growth; and, what's more, we want balanced economic growth without inflation.

When we state our objective as balanced economic growth—without inflation—it is easy to conjure up all sorts of problems and controversies. The problem is made all the more complex by the fact that the portion of our national energies which must be channeled into defense activities does not add to the goods and services which are available to our people as consumers. Furthermore, the very size of the defense and non-defense activities of governments at all levels can, as we all know, create all sorts of problems for the private sectors of our economy. There is general agreement that adequate defense must come first, although there is considerable difference of opinion as to what constitutes adequate defense.

There should be some measure of agreement, however, that our objective in economic growth should be to make adequate provision for our national defense and, in addition, to provide for a continuing improvement in the quantity and quality of the goods and services which are available for consumption.

When we turn to the problem of balanced economic growth in the loosely defined nondefense or nongovernmental sectors of our economy, we encounter all sorts of practical difficulties. How much governmental intervention should be sanctioned in such fields as housing or agriculture? I mention only two of the fields where balanced economic growth, as it might be determined in the market place, has been tampered with extensively for a quarter of a century. It should be obvious that every concession that is made in favor of preferential treatment to certain segments of the economy narrows the base which can be used when we consider the problem of balanced economic growth in the remaining segments which are not so favored. Those who use and those who provide instalment credit facilities should keep this in mind in connection with all discussions of the role of instalment credit and its regulation in the interest of economic stability, and the proper utilization of economic resources in the public interest.

Some contemplation of these matters, for example, leads one to ask whether we must intervene in the rationing of credit available to the consumer durable goods industries for plant and equipment modernization and expansion for the carrying of inventories or for mortgages in order that governments may be able to engage in openhanded activities in other directions, some of which activities, I am told, have not been highly successful in relation to growth and certainly not in relation to the problem of inflation. A spokesman for the United States Chamber of Commerce recently put it this way: "On grounds of growth, paradoxically, many people suggest that we should subsidize declining industries; insulate producers, workers, or regions from economic changes; reduce mobility of labor and capital; and divert resources to low productivity investments and away from those which yield higher real returns to society."

A corollary observation may be ventured at this point. We take great pride in the fact that we have a high productive and genuinely dynamic economy. We boast of the number and variety of products which are in general use today, and which were the exception or undreamed of a decade ago. We strive for change in the product mix of our economy, and often overlook the fact that this means changes in the employment of the various factors of production, which are necessary for this new product mix. We strive to achieve production techniques, which make us less dependent upon manpower of a "hard work" nature, and which give us the benefits of a maximum division of labor. Our round about processes become more complex year by year. With all of this we tend to resent some of the inevitable consequences of our rapidly changing and improving economy. We like to set for ourselves a few extravagant goals like "full employment without inflation," "perfectly balanced growth at the highest possible rate—without inflation," "parity prices for farm products with or without inflation," "ever increasing maximum wages," etc., etc. We would be a frustrated people indeed if we were not willing to settle for something less than perfection in the attainment of these goals which we set for ourselves, often in a somewhat cavalier fashion.

Effect on Business Cycle

We all know that a substantial portion of durable goods purchases are financed with instalment credit. Purchases of durables tend to be more volatile than other forms of consumer spending. This is because the purchase of durables requires a different sort of spending decision than the simple everyday purchases of groceries or haircuts. Factors such as recent and expected near-term changes in income play a major role in the timing of durable expenditures. One is more apt to go into debt for a new car or a TV purchase when he is confident about his income: even more so if he expects his income to be rising shortly. Conversely, during periods of depressed economic activity when income is less certain, postponables, durables among them, tend to be the first expenditures to be curtailed, especially if such purchases require going into debt. Not only are new purchases curtailed, but the necessity for repaying previously incurred debt may act as a mild drag on other consumer spending out of income. Hence, it is not uncommon for consumers to borrow in order to increase expenditures at just those times when the economy is booming and things look good all around. This is a very human sort of behavior, and the users of instalment credit are not the only one who behave in this manner. "There is, and has been, practically no informed opinion among economists that fluctuations in business activity can be entirely eliminated from a free market economy." (Woodlief Thomas)

I would not want to leave the impression of tremendous fluctuations in durable purchases, and all resulting from instalment credit. Actually, there are many separate factors at work affecting the purchase of durable goods and consumer demand for instalment credit. Enthusiasm for new or improved appliances may, at times, be far more important in affecting consumer spending decisions than changes in consumer income and expectations. Some observers maintain that a significant portion of the decline in auto sales in recent years can be explained by a combination of social and psychological factors that have

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*An address by Mr. Tapp before the National Instalment Credit Conference sponsored by the Instalment Credit Commission of the American Bankers Association, Chicago, Ill., March 9, 1959.

Business Man's Bookshelf

Adequacy of Banking Facilities in Nassau County—Savings Banks Association of the State of New York, 110 East 42nd Street, New York 17, N. Y.

Alaska, Frontier for Industry — Study—Economic Research Department Seattle First National Bank, Second Avenue & Columbia St., Seattle 4, Wash. (paper).

American Express Credit Card Domestic Directory 1959—Listing of services and establishments honoring American Express Credit cards in the U. S., Bahamas, Bermuda, Caribbean, Canada, Hawaii, Mexico and Central America — American Express Company, 65 Broadway, New York 6, N. Y.

Directory of Companies Required to File Annual Reports with the Securities and Exchange Commission (covers 3,169 issuers of securities)—Securities and Exchange Commission, Washington, D. C.

Evaluation of the Present Understanding of Metal-Cutting — Detailed research report —American Society of Tool Engineers, 10700 Puritan, Detroit 38, Mich., $7.50.

Federal Deposit Insurance Corporation Report to Insured Banks — Federal Deposit Insurance Corporation, Washington, D. C. (paper).

Freedom Chooses Slavery — J. Freire d'Andrade—Coward-McCann, Inc., 210 Madison Ave., New York, N. Y. (cloth), $3.50.

Health Insurance — O. D. Dickerson — Richard D. Irwin, Inc., Homewood, Ill. (cloth), $6.

How the Securities Market Affects Your Savings or Thrift Fund — Hewitt Information Service, Inc., Libertyville, Ill., 12 cents per copy up to 500 copies (minimum order, $5) (sample copy to employers on request).

How the Securities Market Affects Your Profit Sharing Fund — Hewitt Information Service, Inc., Libertyville, Ill., 12 cents per copy up to 500 copies (minimum order, $5) (sample copy to employers on request).

Industrial Relations, 1958—A bibliograph of outstanding books—Selected References, Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 30 cents.

Journal of the Institute of Bankers, Feb. 1959 — Containing articles on The Economic Scene, Finance for Public Bodies; Bankers and Their Books; Further Notes on Guarantees Abroad; Legal Decisions Affecting Bankers; etc. — Institute of Bankers, Lombard St., London, E. C. 3, England.

Low in Lowell—Booklet on labor conditions, transportation and technical resources of the city —Lowell Industrial Development Co., Att.: John S. Dickson, John St., Lowell, Mass.

Manpower Publications — Your Stake in Our Changing Manpower (free); Youth Employment Publications (free); Occupations in Space Exploration (free) — U. S. Department of Labor, 341 Ninth Ave., New York 1, N. Y.

Meet the New Gas Industry—Illustrated booklet on all major phases of the industry—American Gas Association, Public Information Bureau, 420 Lexington Ave., New York 17, N. Y., single copies on request (quantity prices on request).

Mutual Savings Banking, Important Facts About—Summary of information about mutual savings banking — National Association of Mutual Savings Banks, 60 East 42nd Street, New York 17, N. Y. (on request).

National Foreign Trade Council, Inc. — The Record for 1958 — National Foreign Trade Council, Inc., 111 Broadway, New York 6, N. Y. (paper).

Prospect for Wages and Hours in 1975—Clark Kerr—Institute of Industrial Relations, University of California, 201 California Hall, Berkeley 4, Calif. (paper), 20 cents.

Named Director

Directors of Sealed Power Corporation, Muskegon, Mich., announce that Andrew M. Baird of Chicago has been designated to complete the unexpired term of Carl P. Damm, deceased, as a member of the company's board, and that his name will be presented at the annual meeting of stockholders in April for election for a full term. Mr. Baird is a Vice-President and Director of A. G. Becker & Co. Incorporated, investment bankers, and a director of Younker Brothers, Inc., a Des Moines, Iowa department store.

Andrew M. Baird

Andrew Blum Joins Van Alstyne, Noel

Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, announced that Andrew M. Blum is now associated with the firm in the Dealer Relations Department. He was formerly with H. Hentz & Co.

Two With Revel Miller

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Arthur C. Dausman and Edward Infante are now connected with Revel Miller & Co., 650 South Spring Street, members of the Pacific Coast Stock Exchange.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Letter No. 46—Current comments on recent atomic and nuclear developments including government plutonium requirements — Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Boating—Bulletin—National Securities & Research Corporation, 120 Broadway, New York 5, N. Y.

Burnham View — Monthly Investment letter — Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available is current **Foreign Letter.**

Chart Reading—Discussion—Draper Dobie and Company, Ltd., 25 Adelaide Street, West, Toronto, Canada.

Chemical & Pharmaceutical stock indices—Smith, Barney & Co., 20 Broad Street, New York 5, N. Y.

Convertible Bond Opportunities — 190 issues — charted in a 2-color conversion ration chart pinpointing buying opportunities—on request—"Convertibles" Dept. CF-3, R. H. M. Associates, 220 Fifth Avenue, New York 1, N. Y.

Electronics Industry—Review—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a report on **Public Service Electric & Gas Company** and on the operating performance of **Railroads** in 1958.

Japanese Stocks—Current Information——Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Japanese Warehouse Industry — Survey — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same monthly report are discussions of the 10 Japanese stocks considered favorites for 1959 and data on **Daiichi Bussan, Mitsubishi Shoji** and **Marubeni-Iida.**

Massachusetts—Financial statistics on Massachusetts communities, including state, counties, cities, towns and districts—Tyler & Company, Incorporated, 11 High Street, Boston 10, Mass.

Mining Industry—Analysis of outlook—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is an analysis of **Sperry Rand.**

New York City Bank Stocks—Earnings comparison of 21 leading New York City Bank stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Portfolios—Three suggested packages—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same bulletin is a discussion of **Consolidated Foods** and **General Bancshares Corporation.**

Pre Engineered Buildings in Factory Applied Colors—Descriptive literature—Stran-Steel Corporation, Detroit 29, Mich.

Review of Foreign Exchanges—Samuel Montague & Co., Ltd., 114 Old Broad Street, London, E. C. 2, England.

* * *

Air Express International Corp.—Brochure—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Albemarle Paper Manufacturing Company — Study — Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Allegheny Ludlum Steel Corporation—1958 annual report—Allegheny Ludlum Steel Corporation, Oliver Building, Pittsburgh 22, Pa.

Allentown Portland Cement—Memorandum—Woodcock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 9, Pa.

American Airlines, Inc.—Report—Schweickart & Co., 29 Broadway, New York 6, N. Y.

American Express Company—Data—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also in the same bulletin are data on the **Hertz Corporation.**

American Hoist & Derrick Co.—Memorandum—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

American Investment Company of Illinois—Annual report—Public Relations Department, American Investment Company, 8251 Maryland Avenue, St. Louis 24, Mo.

American Machine & Foundry Company—1958 annual report—American Machine & Foundry Company, Mr. C. J. Johnson, Secretary, 261 Madison Avenue, New York 16, N. Y.

Beechamp Group Ltd., A. D. R.—Review—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y.

Briggs & Stratton—Data—du Pont, Homsey & Company, 31 Milk Street, New York 5, N. Y. Also in the same circular are data on **Corning Natural Gas, Niagara-Mohawk Power** and **Revere Copper & Brass.**

California Western States Life Insurance Company—Analysis—Walter C. Gorey Co., Russ Building, San Francisco 4, Calif. Also available is an analysis of **West Coast Life Insurance Company.**

Coca Cola Bottling Company of New York—Analysis—Elder & Company, James Building, Chattanooga, Tenn.

Continental Assurance Company—Analysis—William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

Cook Electric Co.—Memorandum—A. C. Allyn & Company, Incorporated, 122 South La Salle Street, Chicago 3, Ill. Also available are memoranda on **Iowa Electric Light & Power Co.** and **Lau Blower Co.**

Cooper Bessemer—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a review of **Gray Manufacturing Company.**

Dayton Power & Light Company—1958 annual report—Dayton Power and Light Company, 25 North Main Street, Dayton 1, Ohio.

Eagle Picher Co.—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Firstamerica Corp.—Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Firstamerica Corporation—Study—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

First National City Bank of New York—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Glaxo Laboratories Ltd. — Memorandum — Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Thorn Electrical Industries, Ltd.**

Gulf Sulphur Co. — Memorandum — Dempsey-Tegeler & Co., Houston Club Building, Houston 2, Texas.

Harshaw Chemical—Memorandum—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a memorandum on **Laboratory for Electronics.**

Heyden-Newport Chemical Corporation—Analysis—Parrish & Co., 40 Wall Street, New York 5, N. Y.

I-T-E Circuit Breaker Company—Data—Hardy & Co., 30 Broad Street, New York 4, N. Y. Also in the same bulletin are brief data on **U. S. Rubber** and **Hart, Schaffner & Marx.**

Imperial Packing Corp.—Memorandum—Simmons & Co., 56 Beaver Street, New York 4, N. Y.

International Harvester—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **International Telephone & Telegraph Corporation**—Circular—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available are data on **Fairmont Foods, Schering Corporation, American Electronics, Inspiration Copper, Detroit Harvester** and **General American Transportation.**

Jefferson Standard Life Insurance Company — Analysis — Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y. Also available is an analysis of **Hooker Chemical Corporation.**

Johns Manville Co., Gillette Co. and **Celotex Corporation** and a list of interesting **Convertible Preferred Stocks.**

Jones & Laughlin—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are surveys of **National Biscuit** and **Western Pacific Railroad.**

D. S. Kennedy & Co.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available is a memorandum on **Robinson Aviation.**

Long Island Lighting Company—1958 annual report—Investor Relations Division, Long Island Lighting Company, 250 Old Country Road, Mineola, N. Y.

Longhorn Portland Cement Co. — Memorandum — Creston H. Funk, Hobbs & Co., Frost National Bank Building, San Antonio 5, Texas.

Lykes Bros. Steamship Co.—Bulletin—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Murphy Corporation—Analysis—Semple, Jacobs & Co., Inc., 711 St. Charles Street, St. Louis 1, Mo.

National Distillers & Chemical Corp.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is the current issue of "Pocket Guide" and "Market Review" with some suggested selections.

Northwest Airlines, Inc.—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

Penn Fruit Company—Analysis—Jesup & Lamont, 26 Broadway, New York 4, N. Y.

Philips Lamps — Memorandum — Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Piper Aircraft Corporation—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Shawinigan Water and Power Company—1958 annual report (either in English or French) — Shawinigan Water and Power Company, P. O. Box 6072, Montreal Que., Canada.

Southern California Edison Company—1958 annual report—Southern California Edison Company, T. J. Gamble, Secretary, P. O. Box 351, Los Angeles 53, Calif.

Texas Company — 1958 annual report — The Texas Company, Secretary, 135 East 42nd Street, New York 17, N. Y.

Texas Eastern Transmission Corp.—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Two Guys From Harrison—Bulletin—Gruntal & Co., 25 Broad Street, New York 4, N. Y.

COMING EVENTS

In Investment Field

Mar. 22-27, 1959 (Philadelphia, Pa.)
Seventh annual session Institute of Investment Banking.

April 1-3, 1959 (San Antonio,Tex.)
Texas Group of Investment Bankers Association of America annual meeting at the Hilton Hotel.

April 3, 1959 (New York City)
New York Security Dealers Association 33rd annual dinner at the Waldorf-Astoria.

Apr. 10, 1959 (Toronto, Canada)
Toronto Bond Traders Association annual dinner at the King Edward Hotel.

April 29-30-May 1, 1959 (St. Louis, Mo.)
St. Louis Municipal Dealers Group annual spring party at the Sunset Country Club.

May 1, 1959 (New York City)
Security Traders Association of New York 23rd annual dinner at the Waldorf-Astoria.

May 19-20, 1959 (Omaha, Neb.)
Nebraska Investment Bankers Association annual field day.

May 25-26, 1959 (Milwaukee, Wis.)
Association of Stock Exchange Firms Board of Governors meeting at the Pfister Hotel.

June 18, 1959 (Minneapolis-St. Paul, Minn.)
Twin Cities Bond Club 38th annual picnic and outing at White Bear Yacht Club, White Bear Lake, Minn. (preceded by a cocktail party June 17 at the Nicollet Hotel, Minneapolis).

June 25-27, 1959 (Hyannis, Mass.)
Consumers Bankers Association Atlantic States Sectional meeting, Wianno Club.

Aug. 9-21, 1959 (Charlottesville, Va.)
School of Consumer Banking, University of Virginia.

World's Oil Activities Shape A New Complexion of Operations

By LESLIE EUGENE FOURTON*
Director, Industrial Research Department
Hayden, Stone & Co., New York City

A positive balancing of forces, pointing to greater prosperity, is said to be in store for the oil industry. The oil analyst anticipates higher gasoline prices, more orderly marketing and, in the long run, higher prices for crude oil, natural gas and refined products. Borrowing the thought that familiarity can breed contempt, he believes the over-familiarity of petroleum problems has created mental confusion and bred widespread skepticism. Mr. Fourton offers the investor 20 trends to watch as guideposts for future petroleum prospects.

Give or take a year or so, the broad character of the petroleum industry has changed radically in each 10 year period since 1930. In the next decade, the 1960's, the forces controlling the world's oil activities probably will result in an entirely new complexion of operations.


Leslie E. Fourton

While the petroleum industry celebrates its first centennial in 1959, it was not until the 1930's that oil companies, in number, became enterprises of note in the U. S. business scene. After nearly 70 years of incubation, the fabulous wildcatter of the 30's created a feverish rush of capital into the oil business. This set the stage for the early development of the major integrated company we know today. After the adolescence and rapid growth of the integrated company of the 40's, an era of consolidation in the 50's set in, characterized by continued rapid expansion of manufacturing, transportation and marketing facilities, excess productive capacity and a fierce competitive struggle for markets both in the U. S. and of late in foreign areas.

Now, on the threshold of the 1960's, a whole new concept of operations appears to be taking shape. Lest this may sound ominous, it may be well to say that the outlook for the petroleum industry appears more favorable than at anytime in the past several years. Despite wide-spread skepticism regarding the oils as investments and the multitude of old and new problems of the industry, it would seem that the current stage of maturity of the industry may coincide with the rewards built toward in past years of heavy investment in facilities. While the year 1958, particularly, was one of major consolidation, after a long period of unparalleled growth, there are numerous signs pointing to a greater prosperity, even though many difficulties still may lie ahead. The balance of forces shaping current events appears to be positive.

Conditions Affecting Outlook

A brief review of the current conditions affecting the outlook may be useful in shedding light on what is in store during the 1960's. The industry began the year 1959 with inventories, in terms of days supply, at their lowest level in 10 years. Demand, in 1959 is likely to record its 17th consecutive year of increases, despite three recessions. Prices, which had sunk to the point of diminishing returns, in the spring of 1958 have rebounded sharply. The composite value of refined products derived from a barrel of crude oil is presently greater than the average value for any year in the history of the industry, except in 1957, when unusual conditions prevailed due to world shortages following the Suez closure.

Profit margins, as yet, remain depressed, below the more favorable levels existing for the more normal years of 1954, 1955 and 1956. But this year, government regulation and the continuing improvement of the general economy are the factors most likely to influence future margins. These factors are likely to work out favorably.

The announcement of new mandatory import controls on crude oil and refined and unfinished products has decidedly favorable implications for domestic crude oil producers and domestic integrated companies. Curtailed foreign supply will result, probably, in a substantial improvement of profit margins, more than sufficient to offset the impact of reduced quotas for individual companies, whether domestic or international. With curtailment of the recent huge one million barrel daily inflow of refined and unfinished products, as well as crude oil, there is a good possibility that gasoline prices will rise substantially. Such prices, now, are nearly one cent below satisfactory levels, although not entirely unusual prior to the main driving season. Only the gasoline price increase remains as the required element to insure a favorable level of profits. Moreover, there are many signs that extended price wars and destructive competitive practices of the past two years may moderate, now that curtailed foreign supply will cease to encourage the disruption of orderly and intelligent marketing, particularly on the important East Coast.

Also, on the political front is the perennial question of depletion. As in the past, the new attacks on this allowance are ill-founded and unlikely to succeed. If 27½% depletion is reduced, prices will rise, and the net effect should be nil. While crude oil productive capacity is obviously excessive, at present, although less so, economically, than publicized, the trend of drilling in the past two years, down from 58,000 wells in 1956 to 54,000 in 1957 and 49,000 in 1958, creates cause for concern over the availability of sufficient domestic crude in future years. And cause for even greater concern is the low rate of exploratory activity, the preliminary to subsequent large development programs. Also quite serious has been the trend toward drilling shallower wells, a sign of the uneconomic background of operations.

Sees Long Term Crude Oil Price Rise

Despite the recent price weaknesses the long term pressure is for higher prices for crude oil, natural gas and refined products. Established good reserves of crude oil are likely to become substantially more valuable, since there does not appear to be a good basis for expecting a reversal of the sharp upward trend of the cost of finding and developing new sources of crude oil supply in this country. Also, the small operator is finding it more and more difficult to find oil at profitable prices and he appears to be disappearing from the drilling scene. As a result, the forecasts of a sharp upsurge in drilling in 1959 and beyond do not appear to be a certainty. There seems to be little likelihood that the number of wells drilled this year will exceed, appreciably, the 49,000 drilled in 1958 and it is not wholly impossible that there may be a continuation of the recent downward trend; if not this year, then most likely starting in 1960 or 1961.

Mass Intimacy Breeds Confusion

The affairs of the petroleum industry have been so well publicized in recent years that mass intimacy appears to have created its own mental confusion which in turn has apparently bred widespread skepticism. For those interested in attempting to arrive at their own point of view, it may be helpful to review some of the more important factors that may account for an entirely new complexion of operations in the petroleum industry during the 1960's.

Offers Guide Posts

Trends to watch which will significantly influence future profits in the petroleum industry appear to be as follows:

(1) Trend toward each major consuming nation becoming more self-sufficient in crude oil production whether from indigenous sources or from interests in foreign producing areas.

(2) Trend toward greater emphasis on independent pricing in various crude producing areas of the world.

(3) Trend toward dominance of the refiner-marketer rather than the crude producer both from the standpoint of profitability as well as in dictating the price of crude oil.

(4) Trend toward a leveling out or decline of oil well drilling activities except for possibly a temporary bulge later this year and part of next.

(5) Trend toward a leveling out or decline of capital expenditures relative to income.

(6) Trend toward a lowering operating ratio i. e., increasing operating profits.

(7) Trend toward a lessening position in the U. S. of the independent oil operator.

(8) Trend toward a lesser competitive advantage of natural gas over crude oil.

(9) Trend toward crude oil production prorationing in foreign countries, ultimately by international agreements.

(10) Trend toward greater petroleum imports into the U. S. starting a year or so hence.

(11) Trend toward governments of foreign countries receiving a greater share of oil profits either directly, indirectly or independently.

(12) Trend toward independent foreign crude oil producers seeking an orderly place in world markets by other means than by substantial price discounting.

(13) Trend toward greater utilization of pipe lines as a means to supply Europe from Africa and the Middle East.

(14) Trend toward seeking other sources of raw materials than petroleum by the presently designated petrochemical industry.

(15) Trend toward seeking crude oil supply arrangements by crude deficient U. S. companies with foreign operators having large reserves.

(16) Trend toward a larger percentage dividend to earnings payout or stock dividends.

(17) Trend toward greater efforts by more governments of foreign producing countries to create an atmosphere favorable to their concessionaries for marketing crude oil production and refined products.

(18) Trend toward a resumption of rising world-wide prices for petroleum after the current period of interruption has passed.

(19) Trend toward greater use of automation in operations.

(20) Trend toward greater interest in petroleum securities as high grade investments than in past or at present.

In conclusion, I believe that the future will bear out the prediction that the petroleum industry will always be noted for (1) its continuously changing complexion, (2) its rate of growth and (3) its capacity not only to maintain its vitality but its ability to remain dynamic. The petroleum business has become a world business, and whether or not it becomes controlled to a greater extent by world governments, the oil business will be run like a business—and a more profitable one in the years ahead.

*An address by Mr. Fourton before the New York Society of Security Analysts, New York City, March 13, 1959.

V. J. Cevasco With AF-GL 58 Years

Victor J. Cevasco, Senior Vice-President and a Director of Albert Frank-Guenther Law, Inc., New York City, on March 12 celebrated his 58th anniversary with the agency.


Victor J. Cevasco

Back in 1901, at the tender age of 15, "Vic," as he is affectionately known to a legion of associates and friends, was hired as a combination office boy, newspaper checker, messenger, stenographer and general office assistant. At that time he was the entire office staff.

He has witnessed the growth of the agency from one doing a gross business of $25,000 annually to a general agency now handling in excess of $16,000,000 of business annually.

The Radio-Electronic Outlook

By VICTOR MUCHER

President, Clarostat Mfg. Co., Inc., Dover, New Hampshire

An encouraging radio-electronic outlook for 1959 is depicted by Mr. Mucher after positing the plus and minus factors confronting the industry. The manufacturer refers to the amazing renaissance in radio and records and believes much has been done in putting civilian business as main foundation as compared to a few years ago when military business predominated.

The prospects may well blow hot and cold as we get into the new year. On the one hand we have ample reasons to be mighty optimistic, for there are many *plus* factors that can add up to the best year our spectacular radio-electronic industry has yet scored. But on the other hand, there are some *minus* factors which, being brand new to us, cannot as yet be properly evaluated. However, my personal opinion is that the plus signs far outweigh the minus, and that our industry's rich experience background, stronger financial position, latest products, aggressive marketing, and above all the public's insatiable appetite for the finest in home entertainment, not forgetting the defense program which continues in high gear, pave the way for a tremendous boom.

Victor Mucher

Lists Amazing Developments

On the plus side we have amazing developments in radio, TV and recorded music. Until recently we seemed reconciled to a certain amount of saturation in radio set sales. Most homes already had second and even third sets. Most cars were equipped with radios. Portables had become commonplace. And since radios last for years and obsolescence was at a minimum, we were ready to accept shrinking production dictated by dwindling sales.

But along comes the stereophonic fad. Stereophonic broadcasts are starting. Using the present AM broadcast band, it now looks as though stereophonic programs will take over in a big way. Meanwhile, FM comes in for a fresh boost with the advent of FM multiplex stereo broadcasts. The radio set that seemed good for years to come, is suddenly obsolete. And so the radio industry starts a new lease of life with the new year.

It may be much the same with TV. When, several years ago, we achieved the 17-inch and 21-inch rectangular tubes, it seemed as though the average household had all it wanted in TV performance. But now we are coming into more realistic sound accompaniment. Sets are appearing with two or more loudspeakers. It's a foregone conclusion that we shall have stereophonic sound with our TV. It's even safe to predict stereoscopic pictures. Certainly the present radio sets and TV sets face obsolescence in the not distant future. And, of course, there is color TV which is gaining acceptance all the while, particularly with the servicing angle largely solved.

Then there is recorded music. Here again, the stereophonic development is giving phonographs and tape recorders and the records a brand new impetus. What was considerd the last word in phonographs and recorders only a year or two ago, now turns out to be an antique. Monaural records and equipment are gathering dust as stereophonic records and equipment take over. The average price of home equipment has soared from a hundred dollars to hundreds and even thousands of dollars. So-called "home entertainment centers," housing AM-FM radio, TV, phonograph and even tape recorder in a handsome piece of furniture, are selling in the thousand-dollar bracket. Certainly all this activity means a tremendous radio trade in 1959.

And all the while we have millions of radio and TV sets in daily use. To keep them perking means a tremendous volume in replacement tubes and components. The radio-TV service trade is up in the hundreds of millions.

Civilian Business Predominates

Although there is still a large percentage of military business wrapped up in our radio-electronic industry total, I do believe that we have come a mighty long way towards getting along with civilian business as our main foundation. That's a healthy sign, compared with a few years ago when military business predominated.

The negative factors I referred to at first, are mainly by way of foreign competition both here and abroad. It's a big world, to be sure, and we might well agree to see our foreign competitors majoring in other countries. But early in 1958 we saw the Japanese coming into the American market in force. Their components and assemblies are appearing more and more. And the stuff is good, we must admit—certainly at the prices they get. Much of it is copied from American designs. During the coming year we shall have to watch this competition more closely. It might become serious. Let's hope that the dark cloud on the radio-electronic horizon will remain a small cloud, and that our industry takes it in its stride. The full cooperation of American labor will play a big part in keeping foreign competition within safe limits.

All in all, 1959 can be the biggest year yet.

J. M. Whitbeck in Panel Discussion

John M. Whitbeck, Vice-President of Blair & Co., Incorporated, New York underwriters, dealers and distributors of state, municipal and corporate securities, participated in a panel session on the marketing of county bonds, marking the third day of the annual meeting of the Urban County Congress, held in Washington, D. C.

John M. Whitbeck

S. D. Fuller & Co. Opens New Branch

S. D. Fuller & Co., underwriters and securities dealers has opened a branch office at 242 Montgomery Street, Montgomery, Ala., it has been announced by Stephen D. Fuller, senior partner.

The new office, which will conduct a general securities business, will be under the resident management of Lee Roy Ussery, founder and former President of Guaranty Savings Life Insurance Company of Montgomery, Ala.

The Profit Possibilities From Military Electronics

By CHARLES F. ADAMS*

President, Raytheon Manufacturing Co., Waltham, Mass.

Raytheon head describes country's fifth largest industry and opines military electronics will comprise the bulk of output so long as the cold war continues. Mr. Adams estimates that the present $7.9 billion industry will grow to about $14 billion by 1963. He explains excellent possibilities for profitable growth that can be obtained in military electronics.

In the past two or three years the entire electronics industry has been going through a period of substantial growth and considerable realignment. As in any dynamic situation, competition in electronics is extremely keen.

Charles F. Adams

The electronics industry has become the fifth largest industry in the country based on value added in manufacture. Today it comprises some 4,000 companies with total annual sales of manufactured products in 1958 of approximately $7.9 billion. These companies, of course, represent everything from small firms which produce specialized components and sub-assemblies, to the really big companies which carry on mass production of components and have the breadth of technical skills, and the manpower and facilities, to assume complete weapon systems management.

Fully accurate statistics on the electronics industry are not available because a number of the large producers are only partly in electronics and the size of the electronics portion of their total business can only be estimated. Nevertheless, the general pattern and character of the industry is quite clear.

Military electronics and other products for government end use comprise better than half of the total industry volume. With no signs of abatement in the cold war, and with the tremendous acceleration of activity in the field of missilery and space technology, it would appear that for a good few years to come the major portion of the electronics market will be in the government end of the business.

Industry's Growth

Various estimates have been given as to the future growth of our industry. However, it would appear from all current indications that whereas industry volume was approximately $2 billion 10 years ago, $5 million five years ago, and is $7.9 billion today, it should rise to around $14 billion by 1963. These growth projections are predicated not only on expanded military requirements, but on the accelerating growth of the industrial electronics market.

More and more the military services have been turning to the weapon system concept in meeting their procurement needs for the increasingly large and complex armaments of the space age which require a steadily rising electronic content.

Incidentally, while on the subject of military procurement practices, I would like to point out that in recent months there has been a decided shift in the manner in which contracts are being funded by the military services. Whereas in earlier years programs were customarily fully funded when initially placed under contract, or more recently, funded on at least a yearly basis, current government fiscal pressures have resulted in irregular partial funding for shorter periods of time.

Profits in Military Electronics

Military electronics is good business and from a return on investment standpoint, despite a relatively low profit return on sales, offers excellent possibilities for profitable growth when operated on the basis of well-defined principles and policies. With no signs of abatement in the cold war, and with the tremendous acceleration of activity in the field of missiles and space technology, electronics will secure an increasingly large portion of total defense spending. There are other elements to commend military business. It is relatively free from the fluctuations of business activity (witness the steady growth in sales and earnings we experienced through the recent recession) and from the threats of foreign competition.

Describes Hawk Missiles

Many people think of missiles only in terms of the "birds" themselves, overlooking the complex array of supporting electronic and mechanical equipment necessary to store, mount, transport, test, maintain, and guide the missiles to their targets. Much of this equipment is secured through subcontracting, of course, and it is in this area that a major portion of systems responsibility lies.

The Army's Hawk missile system is designed both for use as a highly mobile anti-aircraft weapon traveling in support of fast-moving combat forces, and for fixed locations in defense of U. S. cities against aerial attack. The field units include mobile launchers, caterpillar-treaded loaders, trucks, storage pallets, acquisition and tracking radar units, diesel generators and control centers. The fixed installations utilize the same basic equipment but are laid out with concrete emplacements, radar towers, and buildings to house the control center, missile service facilities, and living quarters for personnel. You can see from this how very much more complicated this system is than just the missiles themselves.

*From a talk by Mr. Adams before the Boston Society of Security Analysts, Boston, Mass.

W. H. Stephenson Is With R. H. Moulton

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Waite H. Stephenson has become associated with R. H. Moulton & Co., 405 Montgomery St. Mr. Stephenson, who has been in the investment business for many years, was formerly with Brush, Slocumb & Co.

Stern, Frank, Meyer & Fox Will Admit

LOS ANGELES, Calif. — Stern, Frank, Meyer & Fox, 325 West Eighth Street, members of the New York and Pacific Coast Stock Exchanges, will admit Aaron R. Eshman to partnership on April 1.

Are Growth Stocks Suitable for Everyone?

By SIMEON H. F. GOLDSTEIN

Financial expert urges particularly on individuals in low-tax brackets and institutional investors, realistic re-appraisal of current emphasis on "growth stocks." Contends they actually are not attractive where tax considerations are not important, when minimizing risks is a prime objective, and where a distinction should be maintained between principal and income. Cites numerous investing pitfalls in the "growth" area. Mr. Goldstein observes blind investment in growth stocks is merely a toned-down version of the old Wall Street get-rich-quick myth

I

"What's sauce for the goose is sauce for the gander." But, in investments, circumstances alter cases. What is a sound move for some folks may be unwise for others. This article presents reasons for the view that, where tax considerations are not important, where minimizing risk is a prime objective, and where a distinction should be maintained between principal and income, growth stocks are not really an attractive investment.

Simeon Goldstein

"Growth Stock" Defined

A "growth stock" may be defined—at least for the purposes of this articicle—as one which sells at an appreciably higher price in relation to its dividends (or earnings) than other stocks of similar quality, and which does so because it is widely believed that its dividends (or earnings) will increase to a level that will result in an even higher price for the stock. A low yield in comparison with other securities is inevitable in any generally recognized growth stock, because such a security is much sought after by buyers. The competition of those seeking to buy it raises its price without increasing the amount of dividends.

It may be noted that a growth stock is something quite different from an "inflation hedge." In fact, some of the outstanding growth stocks, such as International Business Machines and Dow Chemical, are merely "average" as inflation hedges. On the other hand, securities, which are recognized as good inflation hedges are often not growth stocks.

The Favorable Tax Factor

A major reason for buying growth stocks—and an excellent one in appropriate cases—is the favorable tax treatment accorded to long-term capital gains. Federal income tax rates run as high as 91% on ordinary income, but are never more than 25% on long-term capital gains. Therefore, for persons in higher tax brackets, each dollar of dividend income is worth, after Federal taxes, anywhere from 50c down to as little as 9c (depending on his income level, exemptions, etc.). But, each dollar of long-term capital gain is always worth at least 75c after Federal taxes.

Hidden Charge for the Tax Shelter

Since these facts are well-known among those who have large sums to invest, the probability is overwhelming that one pays relatively more, in the market prices of stocks, for capital gains than for dividend income. It is difficult to make a statistical comparison, because potential capital gains do not usually lend themselves to measurement, and also because dividends are normally a periodic type of income while capital gains do not offer any comparable regularity. But, we do know that the tax exemption available from the bonds of municipalities, states and public authorities is definitely reflected, at least in part, in the prices and yields of these securities. Thus, although no borrower can have a credit rating superior to that of the Federal Government, some states borrow at a lower interest rate than Uncle Sam does. Also, "Revenue bonds," i.e. debts of a local government agency repayable only out of the earnings of a project and not out of taxes, offer recognizably lower yields than the securities of private borrowers which are comparable in all important respects except for tax exemption.

Few would quarrel with the staement that individuals in low-tax brackets should not, as a rule, buy municipal bonds. Similarly institutions such as insurance companies and savings banks, who pay only moderate taxes on interest and dividend income as well as the universities and foundations, who usually pay no taxes on such earnings, normally place only a small portion of their resources into tax exempt securities. The same point is involved in the case of stocks which are purchased because of the low tax rate on capital gains. The difference is only the **degree** of tax shelter which is bought.

II

Delusions and Pitfalls

Another reason for the popularity of growth stocks is that the profit potential which they offer appears to be much greater than the dividend on a typical income stock.

However, experience indicates that opportunities for high profits usually involve the hazard of unpleasant losses. I believe that analysis will show that the same is true of growth stocks.

A reputation for growth can make the stock of a **low-risk corporation** into a **high-risk security.** The high ratio of price to dividends (or earnings) characteristic of growth stocks can only last as long as the market regards the company as being in that class. Thus, although a company may never fail to earn plenty of money every year, that is not enough to support the price of a growth stock. To continue to be regarded as a growth stock—and sell at the high prices prevailing for this class of security—not only must the past dreams of stockholders be realized, but simultaneously there must always be new dreams on the horizon.

Over-Discounting

This can be illustrated with a story about an imaginary growth stock. It earns $2 per share and sells at a price of 35 times that figure, or $70. The market justifies this high-price earnings ratio by the belief that earnings will double within a specified period. That forecast then proves to be correct (something which does not always happen in real life). Within the specified time, earnings reach $4 per share. But, by then, conditions in its industry have changed somewhat. The opportunities which enabled the company to grow so rapidly have been fully exploited. The company will continue to make at least $4 a share, but its rate of growth will slow down to the point where it will sell at 15 times earnings, which would mean a price of $60. Yet, those who bought our hypothetical growth stock sustained a moderate capital loss, in addition to sacrificing income, as their reward for judging correctly that earnings would double. If the company's income had not risen quite so high, those who had acquired the stock would have sustained a substantial capital loss, besides realizing an inadequate income while they waited.

Of course, many past purchases of growth stocks have turned out very profitably, and numerous current ones may do so. But, where growth potential is evident, it is normally reflected in the price of the shares. In such cases, even though one holds "blue chips," the stockholder speculates on the question of how much the company will grow and on the question of whether the rate of growth will always be as high as it is now. If his forecast is wrong, he loses—even though the company enjoys some growth.

Individuals with appropriate resources and qualifications are often well advised to engage in speculation. But that is hardly suitable for institutional investors or for the bulk of the savings of the typical moderate-income person. If so, it seems to follow that the latter should not buy a stock—regardless of how highly one may think of the issuing corporation—if its price cannot be justified by the known facts and is instead based on assumptions which may, or may well not, turn out to be correct.

It's true that dividends are sometimes cut, or even omitted. But there is usually vastly more evidence upon which to expect the continuation of a dividend policy than there is upon which to forecast a rise in the price of a stock.

III

Principal versus Income

Both law and sound financial management often require that a distinction be maintained between principal (or "Corpus") and income.

To anyone who is dependent upon the income from principal, the difference between the two is extremely important. "Invasion" of principal will reduce future income, which, in turn, will require further drawing on principal and therefore produce still lower income. Consequently, it starts a process resembling "compound interest in reverse."

It is easy to recognize that a Capital Loss is not a deduction from actual income (except, perhaps, to one who trades in capital assets). Thus, if one is trying to live within his income, he would not subtract losses on stocks which have become valueless or were sold at a loss, in computing his income.

If Capital Losses are not reductions of current income, then Capital Gains cannot really be additions to current income.

To an individual who need not draw a clear line between income and principal, the anticipated profit from growth stocks may balance the loss of income inherent in their low yields.

But, where it is appropriate to distinguish between income and principal, the sacrifice of income involved in buying growth stocks will not be recouped by Capital Gains (except to the limited extent that Capital Gains may, upon later reinvestment, produce more dividend income).

IV

Unrecognized Growth Possibilities

In a sense, any security which sells at a higher yield than others of comparable quality has real growth potential, because, in such a case, the yield should eventually decline. Given the same dividend, that must mean a higher price. However, the securities market is a highly competitive arena, and among the multitudes who compete in it are many well-informed and intelligent people. Therefore, in most cases, an unusually high yield is the result of greater than average risk.

On the other hand, a stock may have growth possibilities which are not generally recognized or conceded. In such cases, growth potential can be bought without appreciable sacrifice of yield and without the special risk of a decline in price which is inherent in recognized growth stocks. I think that interest in growth securities by endowment funds should channel itself mainly into seeking such securities, although, obviously, there are not likely to be many of them.

Purchasing this type of security normally involves disagreeing with most other investors, which conservative fund managers may be reluctant to do. However, to be conservative in finance requires minimizing risk-taking. That is something very different from blind conformity, or failure to have the courage of one's convictions.

V

Need for Fundamentals

I think that the tendency of some institutional investors, of the types referred to herein, to invest in growth stocks, will abate, as the true nature of such a policy is recognized.

However, to innumerable nonprofessional investors, growth stocks are like the Biblical Garden of Eden. They are supposed to offer generous fruits in return for following extremely simple rules—without the application of time or energy, without skill, training or contacts, and without substantial risk. In other words, blind investment in growth stocks is merely a toned down version of the old, discredited concept that Wall Street is a place where everybody has a chance to "get rich quick."

EDITOR'S NOTE—Mr. Goldstein is Executive Director of the Harry & Jane Fischel Foundation, but his views do not necessarily represent those of the Directors of that Foundation. A real estate broker and appraiser, he is also President of Strand Realty Corporation. Other articles of his on business topics, which have been published, include "Investing Results by Endowment Funds," "The Story of an Independent Mortgage Lending Program," "Old Buildings Never Die . . .", and "Modern Real Estate Practice in the Ancient Bible."

Rapid Progress Ahead for Electronic Data Processing

By OWEN B. GARDNER
Assistant Vice-President, Accounting Machine Sales
The National Cash Register Co., Dayton, Ohio

Writer discerns three trends in electronic data processing pointing to rapid progress in the industry for the next few years. Mr. Gardner comments on computer's usefulness as a managerial tool transcending beyond basic accounting applications to such things as scientifically determining production scheduling and point of most efficiency; growth of electronic equipment for the smaller firm; and search for less costly and simpler components.

Current developments in the data processing area of the electronics industry indicate at least three important trends. The first of these is the increased accent on product improvement, with resultant gains in efficiency and general performance. Much of this improvement has been brought about by technological advances, but another major factor has been the devising of better systems procedures and better organization of available electronic techniques and machinery. In short, business and industry are learning to use more effectively the tools which engineers are providing; at the same time, equipment designers are achieving a better understanding of management's growing data processing needs.


Owen B. Gardner

Most early electronic data processing systems for business or industrial use were installed to handle only standard-type accounting jobs—payroll, inventory, accounts receivable and comparable applications. There will be a continuing demand for applying medium- and large-scale computers to the basic accounting applications. Today, however, there is increased awareness among management that the ultimate profit potential in electronic equipment may extent beyond the accounting-type application, particularly in areas that previously were too time-consuming and too costly under conventional methods.

Pinpoints Efficient Scheduling

Increasing attention is being given to use of computers as a valuable management tool. An example is the complex task of scheduling production. In meeting such a problem, it is now possible to determine scientifically the production schedules which offer the maximum manufacturing efficiencies. Countless similar applications — where a huge mass of variables must be digested and several alternative courses presented to management—offer impressive opportunities. Potentialities such as these are providing the major spur to the further development of today's electronic systems.

A second clearly discernible trend in the industry is the emphasis being placed on smaller, unitized data processing machines or special - purpose equipment. Several reasons underlie this development. One is the depth and scope of a relatively untapped electronics market — the smaller company which cannot economically justify a million-dollar system but which can profitably use electronic equipment which has been designed for a special purpose or for general use on a smaller scale. In similar fashion, there is a pressing need for simpler equipment to do the specialized accounting and data processing jobs of the larger firm. A special-purpose electronic posting machine developed by our company, for example, has found widespread application in banks of practically all sizes, from the largest to some of the smallest.

Another reason for the trend to smaller, unitized machines is the desirability for certain applications of using multi-unit installations. Where a battery of machines is employed there are no major interruptions in the event of equipment failure. Also, flexibility of the system is improved; if the application changes, units can be added or subtracted easily. Smaller electronic units are also finding increasing usage as editing or checking devices between the raw data and the large data processing system. Every minute of the large system's time is valuable. It is only good business to make sure that this time is used wisely. Smaller machines can weed out extraneous data and make sure that input to the large system is accurate, thus preventing the waste of expensive equipment performing trivial tasks.

Search for Better Components

A third major trend in electronic data processing is intensification of the constant search for better components. The early data processing systems for the most part relied on radio and television components, and it has only been in recent years that significant strides have been made in overcoming the resulting limitations. Today the emphasis is on components which are not only less costly to build, but easier to assemble and to maintain. New components have already made it possible for a given size unit to deliver more work per dollar of cost than was possible a short time ago. We can expect this trend to be accelerated in the future.

These current developments point to rapid progress in the industry during the next few years. With record-keeping problems showing no sign of abatement and with clerical costs continuing to rise, the need for rapid progress is readily apparent. The industry is moving ahead to meet this need and there is every reason to believe that these efforts will be successful.

Link Elected by A. G. Becker & Co.

CHICAGO, Ill.—Fred H. Link has been elected assistant secretary of A. G. Becker & Co. Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

C. M. Paul V.-P. Of A. M. Kidder Co.

C. Michael Paul has been elected a Vice-President of A. M. Kidder & Co., Inc., 1 Wall Street, New York City, members of the New York Stock Exchange.

With Columbine Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Wilbert C. Cannady is now with Columbine Securities Corp., 621 17th Street.

Trends in Defense Electronics Are Even More Challenging

By F. C. REITH
Vice-President, Avco Manufacturing Corp. and Group Executive
In Charge of Crosley and Nashville Division

Mr. Reith scents the changes now occurring affecting electronics' production and challenges the industry must meet. He notes, for example, the closer integration demanded between research and development; the emphasis on smaller electronic systems which are becoming more complex; and the shortened lead time and increased quality required. Some of the new trends include improved radar, sonar, air traffic control, and demands posed by missiles.

Production alone no longer is the most important problem in defense electronics. The tremendous growth that has taken place in defense electronics in recent years as a result of the world political and military climate in which the U. S. finds itself no doubt will continue for some time to come. However, requirements for the nation's defense are changing very rapidly these days, and this means that companies producing electronics equipment for defense must walk the more difficult path of a fast-changing technology and smaller profit margins.


F. C. Reith

By nature the electronics industry is highly competitive, and no doubt this competition, spawned and fostered within the industry, has had much to do with its rapid progress and the contribution it is making to the overall defense effort.

But looking ahead, it would appear that large-scale defense contracts for production of electronics systems are pretty much a thing of the past. Instead, we are building smaller numbers of each system, and the systems are becoming more and more complex. Thus, research and development are now so closely related to production they cannot be distantly separated as was so often true in the past. Indeed, with many products, engineering and production personnel must be completely integrated.

Also, because lead time from conceptual design and production must be shortened, the various defense agencies more and more are looking toward companies which perform well and consistently, turning out a quality product, on schedule, with little if any financial over run. From a company standpoint this means that it must be selective in the types of work it undertakes for the Army, Navy, Air Force or the Marines if it is to maintain its status. Like other fast-moving industries, defense electronics must look to new products for its future. It has been estimated that 50% of all defense electronics business in the next few years will come from research and development programs that are just now getting underway, or which exist today only as ideas in the minds of engineers and scientists. It is upon this broad philosophical base that the Crosley Division of Avco is planning its future in defense electronics.

New Areas of Specialization

One of the areas of specialization is radar, a field in which much remains to be done to improve the state of art. Radar systems with higher resolution characteristics and longer range capabilities are in the offing.

Sonar and infrared are two areas which leave much room for investigation and development. Eventually, we envision infrared techniques that will be applied to such things as airborne and shipboard fire control systems as well as to surveillance problems of many kinds. It will be used for the detection of intercontinental ballistic missiles, and there will be a myriad of commercial uses, including, for example, airborne mapping.

Similarly, with sonar, much useful work can be done to improve the state of the art and to cope with the threat of missile carrying enemy submarines.

In the field of air traffic control, very much remains to be done to bring the nation's airways into step with the new jet age we just now are entering. The jet transports fly faster, and they cannot be stacked above airports for hours at a time waiting for the weather to clear below. New and speedier air traffic control systems must be developed immediately if we are to realize the full benefits that the jet airplane will afford us. We made a significant contribution to this field through the development of our Volscan unit which assists in synchronizing air traffic to get the greatest possible utilization of the air space above us.

The growing importance of missiles in the nation's defense imposes a great demand upon the electronics industry to develop better communciations, guidance and ground support equipment.

To a large degree, the nation's defense strength tomorrow depends upon the willingness of its people and its business firms to accept challenges today. In defense electronics, it would seem that the challenges are even more challenging.

Lawrence N. Marr Now With A. G. Becker Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Lawrence N. Marr has become associated with A. G. Becker & Co. Incorporated, 120 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Marr, who has been in the investment business for many years was formerly Manager of the Trading Department of the Chicago Office of Blair & Co. Incorporated.


Lawrence Marr

Werly Elected by Geo. Putnam Fund

BOSTON, Mass. — Charles M. Werly has been elected Chairman of the Trustees of the George Putnam Fund, Inc. of Boston.

Paine Webber Adds

MINNEAPOLIS, Minn. — John H. Quinlan is with Paine, Webber, Jackson & Curtis, Pillsbury Bldg.

The Unpleasant Facts Regarding The Currency Outlook for 1959

By FRANZ PICK*

Publisher, Pick's World Currency Report, New York City

Charging bankers and editors for draping an iron curtain of international financial ignorance around us, Dr. Pick warns that the past year's capital outflow is far from ended and, fearing we are near a point of no return, he urges adoption of a deflationary austerity program. The international financial specialist admits that a discussion of dollar discounting in principal European capitals, of loss of banking and other financial operations to European banks, and of the process of pricing ourselves out of foreign markets, are far from pleasant. He refers to European Common Market repercussion on what he terms our no longer powerful dollar and to distrust Europeans are said to have regarding U. S. A. as an asylum country for funds seeking monetary stability.

The task of moving as many of our goods and services beyond the borderlines of our country and into foreign lands as is possible was rather easy in the immediate postwar period, and remained so until 1956. Then it became more difficult and in 1957 and 1958 we experienced a lot of trouble. We ran into a cyclical contraction here in the U. S. The public relations artists of the administration invented the word "recession" for it. Monthly exports from the United States dropped from $1,734 million average in 1957 to only $1,496 million average during the year 1958. This represented a decline of nearly 15%, the heaviest in the postwar period. I am convinced that many had and still have reason to complain about it. And where there is reason to complain, there is also the desire to search for a remedy for the aggravating problem. In order to discover such a patent medicine, we would do well to learn what its real causes are. And I am afraid that their presentation, as cold and as factual as it is, will not meet with everyone's approval. Yet in spite of this fact, I will try to give the picture as I see it. To my way of thinking the dilemma that we are now faced with derives from the unfortunate development of our monetary policy.

Dr. Franz Pick

The no longer almighty dollar dominates the whole problem. It is, to my mind at least, the major tragedy of our present days. Most of us do not want to think of or to analyze it. People are under the illusion that being reasonably satisfied with their earnings or jobs, they do not have to worry about such remote things as the Federal budget, the purchasing power of the currency or highbrow questions concerning such far-fetched items as the balance of trade or the balance of payments. A general neglect of monetary and fiscal knowledge has led us down the road to economic decline. As long as we do not leave the territory of the United States, we have, I admit, very little reason to complain. We seem to believe that, whatever may be, a Dollar is a Dollar. Sure, it buys less than last year, and only about 47 cents of what it bought 19 years ago. But who cares? Don't you know that everybody in South America, in Southeast Asia or behind the Iron Cutrain, wants Dollars? That the Dollar still is King everywhere? That the famous "Dollar-Gap" still exists?

*An address by Dr. Pick before the Minnesota World Trade Association, Minneapolis, Minn.

Well, that might sound pretty good in North Dakota or in Louisiana country clubs or even in the out-of-town press. But unfortunately it is not true. The once unbelievably powerful Dollar has become the object of serious doubts abroad and a short time ago I learned more than I wanted to about it.

Towards the second half of September of last year, I went on a business trip around the world. My first stop was Paris. I had not been in the French capital since 1955. At that time, every third or fourth car was American made. Now I counted only about one Detroit product among 100 to 120 European cars circulating in heavy afternoon traffic in the center of town. And a few of my clever French friends explained this change to me with this simple point: how can you people in the States still believe that you must have vehicles as big and powerful as locomotives to carry one person from home to work and back again? Why do you waste so much chrome, build ridiculous wings and gigantic trunks that seldom are used? We won't buy them. I heard identical comments everywhere between Paris and Tokyo.

Shocked by Dollar's Discount

In Italy, I decided to buy three shirts in Rome. They were wrapped for me and when I tried to pay for them with an American $20 bill, the shop owner, who had accepted such Greenbacks with delight only three years ago, coldly refused them now. He wanted Lire only and I had to go to the bank next door, where my Dollars were exchanged at 615 Lire per unit. As the official rate is 625 Lire per Dollar, I had to part with my $20 bill at a discount of 1¾%. And then I found out—in rapid sequence—that the world's once most powerful monetary unit was selling at a small discount in Lisbon, Amsterdam, Brussels, Frankfurt, Stockholm, Copenhagen, Zurich, and Vienna. That was quite a shock. I also saw that Dollar banknotes in England were listed at a discount of just ½%. And such changes in monetary appreciation by cold-blooded bankers and financiers abroad are, according to my experience, extremely troublesome events. They were, for nearly a whole year, not commented upon by our press. We have our own private iron curtains for these events. But that also does not help. The problem still remains and we cannot change it. In London, Frankfurt, Brussels, Zurich and Amsterdam, it is a leading topic of conversation. The so-called Dollar prestige was and is shrinking.

The continued rise of sterling, opposing the shrinking standing of the Dollar, continued during this time. Britain's monetary management, handled by men who really know what they are doing, worked towards a lofty goal. After a world-wide crisis of Sterling confidence, following the Suez events, the Bank of England and London's Treasury concentrated on a painful but absolutely necessary deflationary policy in the last quarter of 1957. The discount rate was pushed up to 7%. Can you think what you would say if we would take a similar step? Credits were cut, austerity measures were taken. British industrialists, merchants and labor groaned. But it really worked. And in less than 15 months, Sterling, from a currency which was sold short by the billion, not only held, but rose against the Dollar and became externally convertible on Dec. 28, 1958. By this measure, England's currency managers, not listening to lobbies, labor or other leaders, showed us that it could be done. When, a few weeks ago, the famous "Transferable Sterling" ceased to exist when it was made convertible — for its external owners—into any hard currency as well as into gold, Sterling again rose to a position of absolute monetary leadership.

Naturally, the banker in Southern California or in northern Massachusetts has not the slightest interest in such a historic achievement. But Sterling's external convertibility was the signal that simply forced its principal European trade partners to adopt identical convertibility measures for their monetary units.

The European currency reforms of Dec. 28, 1958, were well-prepared by people who can give us lessons in monetary theory and who were not afraid of the opposition of politicians — who know nothing concerning theory. At present 13 countries have made their foreign trade convertible into any hard currency that the seller of goods wishes to obtain from them. These countries are, in alphabetical order:

Austria, Belgium-Luxembourg, Denmark, France, Germany, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland and the United Kingdom.

It does not require a special explanation to state that the total foreign trade of these countries amounts to $78.6 billion or 2.6 times the annual volume of total American exports and imports. As these nations include those among the world's most industrially developed lands, it is clear that their participation in overall international trade accounts for a major slice of the world's total. It is also important that the convertibility decisions were coordinated with the start of the common market in Europe of six trading partners.

Sees European Confederation

This new trade area, with a population of about 165,000,000 people, is probably the most promising economic group of the present period. I, personally, see in it the first and successful step towards a European Confederation, which probably will come into being around 1975. In this new European market, the six partner countries can easily reach the stage of full convertibility. Belgium-Luxembourg already have a hard currency. Holland will too. Italy is in excellent monetary condition. Germany, for all practical purposes, is completely convertible. France, after her recent devaluations, is near stability and should she be able to pacify Algeria, she could easily become a very rich country again. The long-range goal of a Common-Market-Currency, a utopia today, seems like a strong possibility to me. Therefore, we face two constructive powers of monetary skill outside the Dollar Area:

(1) Britain, the Sterling Area, the Scandinavian lands and Portugal, traditionally under the influence of Sterling.

(2) The Common Market Group of the six Continental countries. They have all recognized that monetary convertibility and stability of the purchasing power of their units is more important than full employment and the illusionary "happiness" of children, who do not want to study foreign languages or other difficult subjects in school. They also pay their professors better than truckdrivers.

For these few, but rather important, reasons we have to look back into our collection of old English proverbs. One of them tells us that what is one man's meat easily can be the other's poison. And I am willing to guess that the recent monetary events in Europe will poison us quite a bit.

Let us find out why:

Measures Effect Upon Us

Commercial repercussions will be multifold. I have already mentioned our super-cars. We often use their 160 H.P. to fetch 16 ounces of ground meat. They have become unpopular in Europe. In this country we have — for the first time in postwar history — imported three times as many automoblies as we shipped abroad. Our cars have outpriced themselves in import value, as well as in gasoline consumption, in Europe South America, Africa and Asia. At the same time the European car manufacturers cannot produce enough to satisfy domestic and international demand for their products. Fiat, Alfa Romeo, Renault and Volkswagen are now in the Common Market. The British motor vehicles of small size also have constantly gained in export sales—at our expense. But cars are not the only source of complications for us. Nearly everywhere, people abroad told me: we do not want to eat hamburgers, ketchup or salads. We want to live as we like and resent your tutoring us about the American way of life. And we want to stick to our low wages as long as we can. We like gold and are not as hypocritical as you are in the approach to the yellow metal. Keep your superiority complexes at home and let us work on our problems as we wish.

Certainly there is a lot of exaggeration in these comments. People abroad still love our cheap underwear and our mass produced clothing; they like our supermarkets and imitate them. They admire our airplanes. But here too, the French "Caravelle" and the British turbo-jets "Viscount" and "Britannia" are selling at a surprisingly high speed. The American typewriter has found a very tough competitor in Germany's "Olympia." Our sound equipment is more expensive than Dutch or German products of equal quality.

And slowly but steadily we are pricing ourselves out of the markets not only of Western Europe, but also in many other countries. In East Asia, it is Red China and Japan who are successfully beating us with their manufactured products.

Now, with external convertibility in Western Europe and Britain, the exporter in these countries has lost the fear of devaluation of his domestic currency. Better supported by his banks and export credit insurance, he is able to give long-term credit to his customers. We know what that means. The

Continued on page 35

Value of R & D Work in Electronic Components

By L. B. DAVIS*
General Manager, Component Division
General Electric Co., Owensboro, Ky.

The suggestion made here is not to confuse research with engineering development in electronics in ascertaining potential results, or the amount of money that should go into research and development work. Engineering development is said to require the largest manpower and dollar expenditures which come about after research work has brought forth the needed knowledge. Mr. Davis points out the magnitude of Research and Development on electronic components; explains how it contributes to the ultimate generation of new component products, new and improved equipment, and entirely new businesses; and offers ten questions that should be asked about a firm's R & D program.

In discussing the magnitude of Research and Development work, and in evaluating any of this work as to the probable end results it becomes important to define what we mean by Research and Development. The reason for this arises from the fact that some estimates may include production engineering work as well as research work, whereas others may not. One method of distinguishing between the kinds of work is to call Research—Learning Work; and Development—Applying Work.

L. Berkley Davis

Learning work results in the generation of knowledge and understanding of basic principles and the Laws of Nature that may be applied to the development of new or improved materials, processes, and products.

In the latter category—Applying Work—It is desirable to make a further breakdown. Here we are concerned with two classes: (1) Work that is directed toward demonstrating the feasibility of a new material, process, or operable product; and (2) The subsequent work involved with defining the end result in terms suitable for application or manufacture, and in establishing and operating production facilities.

Engineering Costs More

This latter portion of the total work—what we might call engineering work—is by far the largest in required manpower and dollar expenditures.

In evaluation of the potential results of any R & D work then, it is important to recognize these distinctions in the kind of work, because the skills required and the type of facilities necessary to conduct the work are different.

In one case, a draftsman and some skilled mechanics, with the proper tools, can sometimes carry a product into production. In another case, scientists and engineers having the best competence and laboratory facilities will be needed. It is, therefore, necessary to recognize and define the work to be done and the kinds of competence and facilities required to carry it to successful completion. If you do this thoroughly, you will be able to decide how much and where the R & D money should be allocated for the best results. Even then, in the first category of work—the learning work—you will be unable to predict results in all cases. However, results will be obtained and those that are successful will far outweigh the ones that are not. Also, the people with the required competence in the particular work you wish to have done, will be able to give you the best predictions on probable cost, time, and results.

In the second category—applying work—more accurate predictions can be made, particularly in the second phase of this work—the work of placing a feasibility proven product into production.

In order to apply these principles to future work that may be undertaken, let us take a look at a recent new product evolution and examine how it was born. In looking back, it is clear that most of our greatest innovations resulted from research and development work in basic fields. It is evident, also, that the scientists and engineers working on these basic investigations had only a vague concept of the end results. They were searching for knowledge and understanding on the behavior of materials and what natural laws caused their properties.

For example, scientists had been working for years to learn about the properties of semiconductor materials. They had no idea that transistors would be developed as usable products. As more and more knowledge evolved from these st[illegible]es it became apparent that devices could be constructed that would conduct current in only one direction and later that the current flow could be controlled. Out of this developed the remarkable devices we have today and we can begin to predict to a greater extent what additional applications can be developed.

This same analogy applies to radio, television, fluorescent lighting, atomic energy—and in fact to all our new technologies and industries.

The role of electronic components in these developments is evident—electron tubes, camera tubes, picture tubes, transistors, magnetrons, klystrons, and a host of others. The research and development work which brought these new devices into being and made possible the complex systems we have today produced results that could not be predicted. The end value of such R & D work probably is thousands of times what any one might have foreseen when the work was initiated.

*An address by Mr. Davis before the New York Society of Security Analysts, New York City, March 4, 1959.

Thus, by studying past case histories, examining the kind of basic investigations, and relating to end results we can evaluate the importance of future work and better predict the new things that may evolve. In this way, perhaps, we can decide more realistically how much and where to spend research and development money.

Now, let us take a brief look at the magnitude of research and development in the electronic components field. In considering these figures, we must remember that they represent expenditures in a broad area from basic research to what we might call production engineering. Because of this, we are unable to make a complete breakdown by categories of work. All we know is that the greatest expenditures come after research work has brought forth the needed knowledge. Where it is possible to do so, we will indicate what kinds of work are included.

Shows Tables on Relationships

In order to show relationships, we cite these data in the following manner:

Size of the Electronics Industry.
Size of the Electronic Components Industry.
R & D in the Electronics Industry.
R & D in the Electronic Components Industry.
R & D in the Electronic Components Industry by kinds of products.

Over the past decade the Electronics Industry has grown from a dollar volume of 1¾ billion in 1947, to nearly $8 billion in 1958. During this same period, business in electronic components has increased from $470 million to over $2 billion. This nearly 5-to-1 growth has resulted almost entirely from new electronic components that were created as the result of prior year research and development.

Size of the Electronics Industry
(Billions of Dollars)

	1956	1957	1958
Consumer Products	$1.60	$1.70	$1.60
Industrial Products	0.95	1.30	1.38
Military Products	2.70	3.90	4.10
Replacement Parts, Tubes, Semiconductors	0.85	0.90	0.86
Total Factory Sales*	$6.10	$7.80	$7.94

*These figures represent total value added, including R & D—figures do not duplicate components, thus only replacement Components included separately.
SOURCE: EIA Marketing Data Department.

Size of the Electronic Components Industry
(Millions of Dollars)

	1956	1957	1958
Electron Tubes	$752	$827	—
Semiconductors	78	143	Not
Capacitors	220	225	available
Resistors	175	180	to
Transformers	98	100	date
All Others	957	960	—
Total	$2,280	$2,435	$2,200

These figures include factory sales of components used in electronic equipment.
SOURCE: EIA Marketing Data Department.

1956 Total Applied R & D in Electronics by Industry Classification

Industry—	Total (Millions)	% Financed by Govt.	% Financed by Industry
Electronic-Electrical Systs., Parts	$669.6	61	39
Aircraft & Associated Parts	260.7	87	13
Machinery (including computers)	182.1	41	59
Telecommunicat'ns & Broadcast'g	137.0	43	57
Profess'l & Scientific Instruments	64.5	--	--
Fabric. Metal Prods. & Ordnance	36.7	--	--
All Other	42.3	--	--
	$1,392.9		

SOURCE: National Science Foundation.
NOTE: These figures represent only applied R & D directed towards discoveries which have specific commercial objectives. They exclude basic research made solely to advance scientific knowledge. Also, the figures are only for applied R & D by industry and do not include amounts spent by government, universities, and private research organizations.

The following table is given to provide a broad perspective to the R & D figures shown above. (Please note footnotes for important assumptions and sources.)

	1956	1957	1958
(1) Total R & D (Basic & Applied: Govt. & Indus.)	†$10 b	†$11.2	†$12.8
(2) R & D (Basic & Applied: Industry only)	*6.5	*7.3	*8.3
(3) Electronics R & D (Applied only: Industry only)	*1.4	‡*1.6	‡1.8

*Only these figures are known with any degree of accuracy.
†$10 b is very rough estimated by National Science Foundation; $11.2 b and 12.8 are our calculations "assuming" same percent for industry R & D in 1957 and 1958 as in 1956 where we have at least a rough relationship.
‡The $1.6 and $1.8 figures are our calculations "assuming" electronics R & D is the same percent (21.6%) of (2) as in 1956, i.e., $6.5 x 21.6% = $1.4; $7.3 x 21.6% = $1.6; $8.3 x 21.6% = $1.8.

National Science Foundation states that $3.1 billion of the $6.5 billion industry basic and applied R & D for 1956 was financed by the government. Thus, the government paid for 48% of industry's R & D. The NSF figures for 1956 show that 61% of electronic applied R & D in the electronics industry was government financed, while 87% in the aircraft industry, 41% in machinery industry, and 43% in telecommunications and scientific instruments industry were so financed.

Applied and Basic R & D in Electric Components

	1956	1958
Electron Tubes	$90 million	$100 plus or minus 20
Semiconductors	30 million	40 plus or minus 10
Other Components	50 million	60 plus or minus 20
Total	$170 million	$200 plus or minus 50

The range figures are given to indicate probable limits. These figures include engineering expense allocated to equipment as well as products.

From this information, it would appear that the electronic components industry spends about 8% of its sales dollar on R & D.

It should be recognized that particularly in the components business, development of production equipment may be just as important as product development. With the extremely small size, and the process control becoming such significant factors in most of the new components, it is increasingly important to develop production equipment as the product is developed.

Success and Failures

When looking at the last decade it appears that a great part of the advances in electronic equipment has been made possible by the development of components. It likewise follows that future growth is being made possible by component R & D, which is making feasible electronic, and electronically controlled equipments, not possible before, such as transistors in automobile ignition systems, satellites, and semiconductor controlled rectifiers to replace switches, relays and rotating equipment. These developments could change the whole outlook of some equipment businesses.

When the management of a components business is planning for the future, it is necessary to consider a broad field of problems. To many people R & D is the life blood of new products and potential profits. This is not always true, however, as there are failures, R & D costs to reach production much higher than anticipated, and sometimes there is difficulty in marketing products developed.

Need for New Capital

An obvious problem facing electronic component businesses is that electronic component production requires continuing capital investment because of rapid obsolescence of products and production equipment, and because of the need for extensive R & D. This increases the risk of doing business and has limited the profit level of the industry group.

An interesting consideration is that the breadth of markets for most components provides much more stability and less risk than for many electronics firms making only electronic equipment. This may be a very important point to distinguish between firms broadly based in components, compared with those heavy in equipment, especially those with restricted markets, such as defense.

Everyone is always interested in what percent of the sales dollar is spent on R & D. It is well known from long experience that companies with the largest growth percentage are ones that have placed great importance on R & D and marketing new products. It should be observed, however, that just spending a higher percentage of the sales dollar does not insure growth in the industry. The management of the business must have objectives and goals that obtain to the chosen industry. The caliber of the scientific and engineering people, the breadth of markets served, the earnings ability to support a proper program and the marketing ability to plan the proper new products are of great importance.

Raise Ten Inquiries

Some of the items a management must examine in its R & D program are:

(1) Percent of R & D that is government and company financed.
(2) Percent of government contracts on fixed price and on cost plus fixed fee.
(3) Are government contracts for R & D only, or is production included?
(4) Do R & D contracts have foreseeable commercial use or application? If so, what does Marketing say possible sales volume will be?
(5) Are R & D expenditures tied as a percentage of sales to the budget, or are they single product allocations?
(6) How is productivity of R & D measured?
(7) What administrative controls exist for getting effective operation of R & D work?
(8) What new products have been recently brought to market through R & D outlays?
(9) What sales volume have new products resulted in?
(10) Has R & D aimed at reducing production cost and improving quality resulted in better market acceptance—without profit margin penalty?

The electronic components industry is a group of fast moving businesses that are based firmly in Research and Development. Components have contributed substantially to the advancement of electronics in defense, entertainment and industry. This will continue to be a very fluid and competitive industry, with R & D a high order of importance. To the swift will go the rewards.

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks found enough excuses in some of the available uncertainties to stage their hardest retreat in a month this week but in the subsequent trading the harder-hit items rebounded well to indicate that there is still a good supply of investment funds around whenever prices back down importantly.

* * *

For a handy excuse the proposals of the Federal Reserve Board to tighten credit used in securities purchases was available. Various trial balloons had been released over the weekend pertaining to tightening, such as substitution regulations, but still without anything as drastic indicated as a complete end to margin trading or any requirement to make buyers who are still carrying old accounts at 50% or 70% ante up the cash to put everything on the 90% basis which is the current minimum. This rate was set in mid-October last year. It is the highest level the Fed has ordained except for a period just shy of a year at the end of War II when it was "100%" or no margin trading at all. The margin rate is the percent of cash a customer must deposit for a specific transaction.

Sensational Zenith

Naturally the multipoint gainers of recent sessions were the hardest hit and the ones that snapped back sharply. Zenith Radio was the sensational mover which in only two sessions swung over a range of a baker's dozen points, which came close to matching the range of the wide-swinging, high-priced Superior Oil with its price tag some seven times higher.

* * *

Steels were rather immune to an operating rate that last week produced an all-time high steel turnout for the second week in a row and prospects of even higher output ahead in the immediate future. That some of the orders are borrowing from third quarter needs as protection against a midyear strike was keeping opinion reserved. In fact, the larger producers' shares showed themselves more vulnerable when selling was around and restrained when recovery set in.

Electronics the Bright Spot

Electronics continue as the bright spot when the going is good, the stress laid on missile work in the President's address about Berlin encouraging some of the demand.

* * *

Chemicals had a varying time of it, even where, as in Thiokol Chemical, the big play recently has been on its rocket fuel work. Coppers were helped only moderately by new increases in the price of the metal.

* * *

Some heavy volume in low-priced issues gave a speculative tinge to the markets more times than not. Avco Mfg., which rolled up a total of 469,700 shares in last week's five sessions, ran turnover well past that figure in only a couple of sessions this week. Also prominent on volume and with prices improving were Callahan Mining, List Industries and American Cable, all considerably less than prime investment grade.

* * *

One of the more normally priced items in the electronic group is P. R. Mallory & Co. which, unlike some of the favorites, is still well depressed below the 1957 peak as a result of the setback suffered in the recession. Business has turned upward and on the basis of results for last year's final quarter the issue is priced at only 12-times projected earnings at that rate. This is far below the times-earnings ratios for the others where the price has more than doubled over the 1958 low.

* * *

Mallory is a rather widely diversified company and has been continuing its pursuit of even more diversification and serves a wide range of customers with its components, including the automotive, appliance and television lines where the recession was felt hard last year which undoubtedly has had a part in keeping the stock restrained.

* * *

Rails had few friends despite indications that their business has snapped back. Baltimore & Ohio has stated officially that it is hopeful of showing $7 per share profit for this year against last year's $5.37 but without stirring an issue that sold more than a dozen points higher in 1957. Chesapeake & Ohio demonstrated good control of expenses last year when it was able to hold the decline in net to $16 million as revenues fell $77 million. That and the fact that it is currently on a $4 dividend basis which is a peak for the line make it the exception that is in position to post an all-time high. This road is also something of an exception in another particular. Unlike most that soared to dizzy heights in 1929, the C. & O. peak was set in 1936 at a time when the road was highly regarded as a high grade investment medium.

An Interesting Rail Issue

Illinois Central had to trim its dividend payment twice from $1 to 50 cents quarterly but is something of a candidate for improvement now that it has made a turn for the better. The line showed a good boost in its net profit last year over 1957 and projections are that the current dividend can be covered more than three times over this year. When the payment had been boosted to $1 it represented a payout of more than 50% and the issue then sold a score of points higher than the recent price.

Values in the Foods

Gone was the urgent demand for food shares as a basic necessity to the economy in today's rush for space age items. But there was good value available in the opinion of many of the market commentators. One that even sat out the recent food boom was Consolidated Foods which has been so busy expanding recently, and diluting its earnings by constant increase in outstanding shares. Some students now think that this dilution is about at an end. And they are bolstered in their opinion of Consolidated Foods by some of the sharp earnings increases in some of the recent acquisitions. One bakery division, acquired only a bit more than two years ago, had sales then of $9 million. Last year this division's sales were $60 million.

Another factor that hasn't been any help to better market action for Consolidated is that its fiscal year ends in June so part of the recession year will be included in its annual report. And since the previous year included some 66 cents of non-recurring profit, the comparison will be that much more unfavorable on the surface. In time the true growth potential will be more clear.

The issue that doesn't seem to need the help of any dividend payout is Bestwall Gypsum which has not made any cash distribution since it was spun-off by Certainteed. Nevertheless this week the stock soared above par again. The answer here is that the company is expanding almost furiously — new facilities to mine its gypsum deposits, new plants in four different sites and most of it financed by retained earnings. The end result will be nearly a doubling of productive facilities and eventual profits and dividends that may justify the present price. The accent here is on growth to the exclusion of most other conventional yardsticks.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

LETTER TO THE EDITOR:

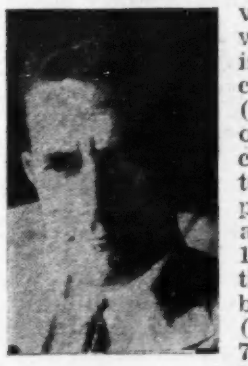
More on Hazlitt's Critique Of Keynes

Frank Cist rebuts the published criticisms by Richard Spitz and Percy L. Greaves, Jr. of his commentary which had taken issue with Hazlitt's critique of Keynes. In view of our continued position off the gold standard "after 25 years of effort," Mr. Cist urges Hazlitt change his attack on the Keynesian soft money concepts. Attempts to show the contribution to defense of gold standard which simple revisions in conventional thinking have to offer. Maintains a "normal" level of general production is invaluable tool for guiding current monetary policy. Offers uncertainty regarding our tariff policy as most serious obstacle to world currency stabilization; with hope for future dependent on our agreeing to slow freeing of world trade.

EDITOR'S NOTE—The material referred to in the following communication, was previously published in the Chronicle as follows: Mr. Hazlitt's articles critical of Keynesian concepts, on Aug. 28, Sept. 4, and Sept. 11, 1958; Mr. Cist's letter of rebuttal on Dec. 11, 1958; and communications from Messrs. Spitz and Greaves defending Mr. Hazlitt on Jan. 8, 1959.

Editor, Commercial and Financial Chronicle:

In its issue of Dec. 11th, the *Chronicle* carried comment by me on three articles by Henry Hazlitt on the theories of J. M. Keynes. That comment has now been accorded two criticisms, the first of which, by Richard Spitz, opens by charging me with "glorifying soft monetary concepts a la Keynes."



Frank Cist

This charge is completely mistaken. Hazlitt and I have the same goal — sound, hard money. But after 25 years of effort he has failed to get this country back on the gold standard and what I am urging is that he change his attack. Once he concedes the virtues of Keynes in providing a rather successful, makeshift, substitute for gold in countries like England, whose departure from gold was very largely accelerated and made inevitable by our tariff and other policies, he will then be in a better position to attack Keynes' program as dangerous for permanent use here at home. This extremely limited endorsement of Keynes, whether right or wrong, leaves me quite innocent of "glorifying soft monetary concepts a la Keynes."

The Blame for British Troubles

The second critic, Percy L. Greaves, Jr., takes the popular position that it was the British who were to blame for British troubles. Thus we "never refused to buy British goods." It was British high wages and "policies of credit expansion" which "priced their wares out of world markets."

Although many influences cloud the statistics, I will try to present as fair a picture as can be done briefly. The facts were that we passed a tariff act in 1922 with average duties said to be over 30% and another act in 1930 with average duties over 40% [1]; that, in the postwar period which is relevant to a discussion of Keynes, whose *General Theory* appeared in 1936, prices in England were cut from an index of 201 in 1921 (just after the 1920 boom) to one of 102 in 1933 [2]; that wages were cut from an index of 517 in 1921 to one of 347 in 1933 [3]; that deposits rose by but a negligible amount from £1,947,898,000 in 1921 to £2,025,231,000 in 1933 [4]; that these results were achieved by an increase in interest rates (my calculations) of 33% from a 76-year average of 3.91% between 1844-1919, to an average of 4.8% between 1920 and 1929 [5]; and that unemployment meanwhile, as said in my paper of Dec. 11th, rose from an average percentage rate of only 4.5 for the 48 years ending 1907 during which the gold standard was in full control, to an average of 12.6 for the years 1922-1931. None of these figures support the view that it was British inflation that caused British troubles.

In his book, *Will Dollars Save the World?* [5a], Henry Hazlitt takes much the same view as does Greaves on all this. Speaking of the "dollar shortage," he says, "the real trouble is that Britain and Europe and Latin America wish to buy more from the United States than they sell to it . . .

Continued on page 36

1 *Information Please Almanac,* 1955, The Macmillan Co., N. Y. Pp. 295 and 296.

2 Layton, Sir Walter T. and Crowther, Geoffrey, *An Introduction to the Study of Prices,* Macmillan and Co., Ltd., London, 1936, p. 231.

3 *Op. cit.* P. 266.

4 *Op. cit.* P. 245.

5 *Op. cit.* P. 247.

5a Hazlitt, Henry, *Will Dollars Save the World?* The Foundation for Economic Education, Irvington on the Hudson, 1926, P. 20.

A Business with a Real Future: Dynamic Electronic Components

By W. WALTER WATTS*
Group Executive Vice-President
Radio Corporation of America, New York City

Old and new companies in electronics must grasp and act on the significance of changes taking place in order to last. In describing this, Mr. Watts refers to the widening range of electronic components business at a terrific rate and the new horizons for expansion appearing in almost every direction. The R.C.A. research official specifies some of the latest developments and the important role of electronic tubes, and presents data of estimated present and potential sales. Despite 800% overall increase in electronic components business in past twelve years, he expects $2.8 billion sales in 1958 to be exceeded by $3.4 billion in 1960; $4.2 billion in 1965; and $4.9 billion in 1970.

At the risk of appearing brash, I want to make clear at the outset my belief that the revolution now taking place in materials, devices and techniques in what we call electronic components will reshape the entire electronics industry in the next few years.


W. Walter Watts

By components, I mean the real building blocks of electronics — the parts and materials that are essential to circuitry and gear in all electronic products, systems and services. By revolution, I mean fabulous, almost unbelievable advances that are upsetting previous concepts and opening vast new growth possibilities for the electronics business.

This revolution has been gaining force inconspicuously — or relatively so — during the same ten-year period that overall electronics, with dynamic force, has surged into the limelight as the fastest-growing and fifth largest industry in the United States.

I hasten to reassure you that what is happening to the components business appears to be very good indeed for the business of electronics as a whole—providing it with wider latitudes, greater flexibility, broader horizons and, lest we forget, far better money-making potentials.

My views will cover three main areas:

The electronics components revolution and its effects.

Emergence of an industrial Space Age giant.

Present and potential sales and profits.

I

The Electronic Components Revolution

Contemplating the swift surge of changes taking place in the electronic components field, I am reminded of an incident in which one of our people at RCA was involved a while back.

The scene was a government hearing in Washington. The RCA witness was asked how many systems of a certain type his company had.

"I don't know," he replied blandly.

The Chairman glared. "You don't know?" he fairly shouted. "I thought you were the engineer in charge of these systems."

The RCA scientist nodded as he replied: "I am. But you see, sir, I have been away from our laboratories for two days."

New electronic systems, new electronic products and new electronic approaches have been coming at us so fast in recent times that even the experts find it more and more difficult to stay abreast of happenings. For my part, I have been in this business for a longer period than I sometimes care to reveal—yet I am constantly amazed at the speed of progress and ingenuity of our industry.

This is particularly true of the electronic components segment of our business. We never can tell from one moment to the next what new, incredible material or gadget will suddenly appear to jog us—especially, I must add, if our competitor has it first.

The components segment of electronics has been in a state of upheaval, almost continuously, since that memorable day back in 1948 when scientists brought forth a queer looking little device called a transistor — with the ability to do many of the things done previously only by electron tubes.

Although it reached the industry almost without fanfare, the tiny transistor soon became renowned as a mightly midget in the electronic components field and marked the beginning of far reaching changes in the entire art, science and industry of electronics.

Transistors and kindred semiconductors opened the way for the fashioning of a whole new array of instruments and devices in advanced electronics, and hastened development of new technologies for defense and commerce.

Coupled with other advances—which I will discuss in a moment —semiconductors gave a big push to the electronic components business, which for years had been finding its main market in sales to radio, television, and phonograph makers.

Now, spurred by the computer, space and missile race, new and growing markets for electronics have created requirements for components of infinite variety.

In utmost simplicity, there are essentially two groups of components, categorized in the trade as "active" and "passive."

The "active" components include the semiconductor devices developed in the past few years —the transistors, diodes, rectifiers and a multitude of new active materials, as well as the older but still tremendously important electron tubes. These are dynamic keys to electronic action and control.

The "passive" components include a wide array of such devices as relays, switches, couplers, capacitors, resistors, transformers and filters, together with "hardware" items needed for mechanical or electrical interconnections in electronic circuitry and gear. These play a more or less static role in circuits and systems.

Taken together, the "active" and the "passive" components are accounting for mushrooming sales. Consider the introduction of revolutionary new materials now coming over the horizon and the infinite applications they promise and you see a widening scope of activity and business that will dwarf any of the estimates of, say, even five years ago.

In the opinion of such an authority as Dr. Elmer W. Engstrom, RCA Senior Executive Vice-President and head of our Research and Engineering efforts, the very foundations of the industry are being shaken by the new materials coming into use—materials which soon may dominate the electronic scene.

Chief among these new materials already making their powers felt in the electronic components industry is a group that we call ferrites, which possess magnetic effects. Because of their high efficiency and light weight, these promise to make a tremendous advance in the field of electronic computers and data processing machines.

Another group of materials known as thermoelectrics can be made to perform three useful functions in an amazingly small space: (1) convert electricity, applied in one direction, to heat; (2) convert electricity, applied in the opposite direction, to cold; and (3) convert heat directly to electricity.

A group known as luminescent materials herald far-reaching advances in broad area lighting.

These new materials, and more that are about to emerge from the laboratory, not only shatter older concepts but provide the needed ingredients for shifting the course of this complex technology into exciting new areas for achievement, such as miniaturization, the radical reduction of size of components and end products.

A significant breakthrough has been achieved with the micro-module concept. This advance provides electronics with a new dimension—a revolutionary space-saving concept that combines vital elements of uniform size

Continued on page 24

*An address by Mr. Watts before the N. Y. Society of Security Analysts, New York City, March 4, 1959.

Connecticut Brevities

Directors of the **Bristol Bank and Trust Company** have voted to raise outstanding shares from 30,000 to 75,000 and split the stock two-and-one-half for one. The bank plans to pay an annual dividend of $1 a share on the increased stock. This represents the same rate being paid on presently outstanding shares. Stockholders will vote on the proposal at a special meeting April 15.

* * *

Young and Selden Company of Baltimore, one of the East's largest manufacturers of bank stationery, will open a new branch plant in Hartford later this month. The Hartford plant will be equipped with machinery especially designed to produce, imprint and encode checks that can be processed on equipment purchased by banks in connection with their automation programs.

* * *

Kaman Aircraft Corporation, Bloomfield, recently announced that New York Airways will buy five to 15 Rotodyne vertical take-off airliners. Kaman is sole U. S. aircraft licensee and representative for The Fairey Aviation Company, Ltd., developer of the 65-65 passenger Rotodyne, and as such, Kaman will manage both commercial and military sales. It is anticipated that the Rotodynes for New York Airways will be built in England by Fairey. Plans call for future U. S. Rotodynes, both commercial and military, to be built in this country by Kaman, depending on the number ordered and the extent of military participation.

* * *

Veeder-Root, Inc., of Hartford, leading manufacturer of counting devices, has contracted to purchase the Iseli Screw Machine Co. of Terryville for an undisclosed amount. The Terryville firm, which produces miniature precision parts for a variety of industries, would be operated as a wholly-owned subsidiary of Veedor-Root. No change in management or operations is planned.

* * *

The small, high performance **JT-12** jet turbine engine produced by the Pratt & Whitney Division of **United Aircraft Corp.** of East Hartford, has been selected to power the North American J-39 Sabreliner, a twin jet utility trainer ordered into production by the Air Force. The JT-12, which in recent weeks has also been picked to power the Lockheed Jetstar and McDonnell 119 aircraft in addition to Republic and Fairchild drones, weighs only 430 pounds and develops 3,000 pounds of static thrust.

* * *

Dockendorff & Company of Bridgeport has announced the development of a jack which will pull as well as push or lift. Sold under the trade name "Puljak," the new device was designed for fence installation but is being used extensively in the machinery maintenance, aircraft maintenance and building industries.

* * *

It has been reported that negotiations are being conducted by **Landers, Frary & Clark** of New Britain and **Plume and Atwood Co.**, of Thomaston, for consolidation of certain operations. Landers is a leading manufacturer of vacuum cleaners and small household appliances. Plume & Atwood produces brass and fabricates a variety of brass products.

* * *

A new organization, the **Stuart Shoe Manufacturing Co., Inc.**, of Norwich has announced plans to begin the manufacture of popular price men's and boys' shoes. Personnel of the new organization have been engaged for many years in various phases of shoe manufacturing and production. The firm expects to employ between 175 and 200 persons by the end of this year.

Stockholders of **Rowland Products** of Kensington recently approved a proposal to raise the firm's capital from $1,250,000 to $1,500,000. Stockholders will be offered rights to subscribe to additional shares on a basis which will be determined at a later date. The company plans to use the proceeds to finance the purchase of the eyeglass frame metal parts division of the Whitaker-Fielding Company of Providence, R. I.

Putman & Co. to Admit Cook to Firm

HARTFORD, Conn.—On April 1 Putnam & Co., 6 Central Row, members of the New York Stock Exchange, will admit Aaron Cook to partnership. Mr. Cook has been associated with the firm for many years.

Aaron Cook

Barton Commodity Mgr. For Ira Haupt & Co.

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and leading commodity exchanges, announced that Fred Barton is now associated with their firm as Manager of the Commodity Department. A veteran of 31 years' experience in the general commodity business, Mr. Barton was previously with Paine, Webber, Jackson & Curtis.

With Josephthal Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Martin J. Mullin, Jr. is now affiliated with Josephthal & Co., 19 Congress Street.

Congress of World Business Leaders to Meet in Washington

American business will be the host next month to the largest and most distinguished galaxy of business leaders ever to visit the United States. More than 2,000 of them, from some 50 countries, will arrive in Washington, D. C., for the 17th biennial Congress of the International Chamber of Commerce. The Congress, which will seek to establish policy positions for the world business community on a wide range of issues, will be the first such gathering in the United States since 1931. It will be attended by the heads of the major business associations throughout the world including every country in Western Europe. The Chairman of the Chamber's United States Council, Philip Cortney, reports that "Overseas interest in the Congress has been greater than in any business event in my experience."

Philip Cortney

The theme of the Congress is "Today's Challenge to Businessmen — Their Responsibilities in Domestic and World Affairs." This theme will be discussed in detail at the first general meeting on the opening day.

The International Chamber of Commerce was formed 40 years ago at a meeting in Atlantic City of the business leaders of the five chief members of the allied powers of World War I. Representative national committees have since been formed in 40 countries. Its membership presently includes 5,700 industrial, commercial and financial corporations and firms as well as 1,300 business and professional associations, the members of which form an indirect constituency of more than a million companies.

Silicon Transistors' Exports Under Aegis of New Federal Agency

Silicon transistors, formerly licensed for export by the Department of State, now will be licensed by the Bureau of Foreign Commerce, the U. S. Department of Commerce announced.

Effective March 1, all silicon transistors are added to BFC's Positive List of Commodities under Schedule B No. 70848 and require individual export licenses for shipment to all destinations except Canada.

BFC said export control of this electronic equipment is being transferred from the Department of State because of its increasing industrial use. Formerly, the transistors were primarily used in military equipment.

All outstanding licenses issued by the Department of State covering exports of the transistors will remain valid until their date of expiration, BFC said.

Details are published in BFC's Current Export Bulletin No. 812, dated Feb. 26, 1959.

Charles H. Drew

Charles Henry Drew, proprietor of Charles H. Drew & Co., New York City, passed away Feb. 24 at the age of 71 following a long illness. Mr. Drew who had started his career in the investment business nearly sixty years ago established his own firm in 1923.

From Washington Ahead of the News

By CARLISLE BARGERON

Republicans in Congress are passing around a memorandum recalling that President Eisenhower, the then Commander-in-Chief of the Armed Forces in Europe, urged against dividing Germany into zones. Had his advice been followed there would have been no East or Communist Germany, and hence no Berlin problem.

Carlisle Bargeron

President Eisenhower has said that, being overruled on this advice, he then urged that the line between Communist occupied Germany and the Western zone should be set further east — in the Thuringia area, closer to Poland and just north of Czechoslovakia. He recommended that line, he has said, because he thought his forces could get there before the Russians.

But shortly after hostilities ceased, in view of the political decision taken at Yalta by Churchill, Roosevelt and Stalin, Mr. Eisenhower says, "I was ordered to retreat 125 miles."

According to Mr. Eisenhower, the European Advisory Commission, composed of British, Russian and American representatives, first planned the division of Germany in 1944 in London. Their plans were confirmed at Yalta by Churchill, Roosevelt and Stalin.

The following July and August at Potsdam, British Prime Minister Clement Atlee, President Truman and Stalin agreed in more specific detail about the division of Germany and how Berlin should be divided and governed.

Mr. Eisenhower in his "Crusade in Europe" tells of a conference with President Roosevelt in 1944.

"He took occasion to brief me on his occupational plans for Germany," wrote the President. "He definitely wanted the northwest section as the United States area but listened attentively as I voiced my objection to dividing Germany into 'national sectors.' I admitted all the difficulties of true joint occupation but said we should insist upon that as the only practical one—I urged, again, that occupied territories be turned over, as quickly as possible, to civil authority. He seemed impressed but did not commit himself."

It will be recalled that Secretary of the Treasury Morgenthau was recommending that Germany be completely reduced to an agricultural state.

In no quarter was a written agreement guaranteeing free access to Berlin considered necessary. James G. Winant, Roosevelt's Ambassador to Britain, and American representative on the Advisory Commission that first planned the division of Germany, was asked if he did not think a specific agreement should be made, and he replied that its only effect would be to make the Russians suspicious. The all-out agreement covering Germany implied that there should be the access, and Russia would have paid no more attention to a specific agreement than it has to the general agreement.

All of this is, of course water over the dam but it is a commentary on something that the Democrats are critical of the Administration's handling of the Berlin situation.

This is but one of many mis takes that were made in dealin with Russia. Roosevelt thought h understood Stalin and could ge along with him. Truman re marked: "I like old Joe, we ca get along together."

Notwithstanding the terribl legacy that the Democrats hav left the voters in 1948, 1954 an 1956 showed that either the didn't believe these mistakes ha been made or else forgave th Democrats. In the last two year the Gallup Poll has shown on sev eral occasions that the peopl believed the Republicans to b less able to keep the country ou of war. This, in spite of the fa that World Wars I and II and th Korean "police action" all oc curred under the Democrats.

The Republicans failed to tac the responsibility for the thre wars on the Democrats. The didn't try very hard. Every tim they made any such charges these, or any reference to it, th "liberal" press and "liberal" com mentators showered them wi such a torrent of abuse that took a pretty hardy soul to repe the attack. The men who co tinued with the attack have been retired from public life.

Treasury and Reserve To Scrutinize Gov't Securities Market

The United States Treasury ar the Federal Reserve System ar nounced March 9 that they a seeking further data and inform tion in connection with a tec nical study of the Government s curities market which they a conducting jointly. This factu inquiry, which is focusing esp cially on developments in t market last summer, is the ou growth of several prelimina studies by the Treasury, the Fe eral Reserve System, and inte ested market groups. It is hop that the results will point the w to improving the market's fun tioning and to preventing spec lative excesses in the market.

Data will be requested fr major lenders to, and participa in, the Government securit market, including banks, non- nancial corporations, dealers, a brokers. These reports are i tended to provide a more co plete record pertaining to the nancing of market transactions.

There also will be inform consultations with informed i dividuals about the functioning the market. The consultations designed to obtain the benefit a broad cross section of opinion underlying forces shaping pe formance of the market and means for improving mark mechanisms and functioning.

It is expected that the jo study will be completed and ma public about midyear.

Two With La Hue

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — David Caldwell and Harry E. Strand now with La Hue Investment Pioneer-Endicott Arcade.

Percival W. Brooks

Percival W. Brooks passed aw March 6 at the age of 91. Brooks was the founder of P. Brooks & Co. of New York.

With Hayden, Stone

Leon S. Herbert, Jr. is now w Hayden, Stone & Co., 400 P Avenue, New York City.

TEXACO REPORTS FOR 1958

HIGHLIGHTS

FINANCIAL	1958	1957
Gross income	$2,475,629,730	$2,449,162,410
Net income	$ 310,167,805	$ 332,303,644
Per share outstanding at end of each year	$5.31	$5.94
Number of shares outstanding—end of year	58,388,074	55,937,434
Cash dividends	$ 134,769,229	$ 128,906,925*
Per share	$2.35	$2.35*
Total assets	$3,111,526,969	$2,789,094,629
Equity in total assets of nonsubsidiary companies and subsidiaries not consolidated	890,000,000	901,000,000
Total	$4,001,526,969	$3,690,094,629
Capital and exploratory expenditures	$ 514,534,733	$ 481,708,331

In addition, a 2% stock dividend was paid in 1957.

**OPERATING • Barrels per day	1958	1957
Gross crude oil produced:		
Western Hemisphere	647,477	617,519
Eastern Hemisphere	453,249	435,536
Total world-wide	1,100,726	1,053,055
Refinery crude oil runs:		
Western Hemisphere	849,533	794,607
Eastern Hemisphere	275,147	268,990
Total world-wide	1,124,680	1,063,597
Petroleum product sales:		
Western Hemisphere	839,806	735,098
Eastern Hemisphere	325,860	320,510
Total world-wide	1,165,666	1,055,608

***These statistics include 100% of the operations of subsidiary companies and the Company's equity interest in the operations of companies owned 50% or less.*

CONSOLIDATED BALANCE SHEET—DECEMBER 31

ASSETS

	1958	1957†
Current Assets:		
Cash and securities	$ 393,931,287	$ 289,866,336
Accounts and notes receivable	321,250,407	279,599,475
Inventories	314,283,555	374,628,488
Total	$1,029,465,249	$ 944,094,299
Investments and Advances	171,252,856	180,648,163
Properties, Plant, and Equipment:		
Gross	3,708,388,309	3,189,622,656
Less — Depreciation, depletion, and amortization	1,873,935,133	1,599,537,399
Net	$1,834,453,176	$1,590,085,257
Deferred Charges	76,355,688	74,266,910
	$3,111,526,969	$2,789,094,629

LIABILITIES AND STOCKHOLDERS' EQUITY

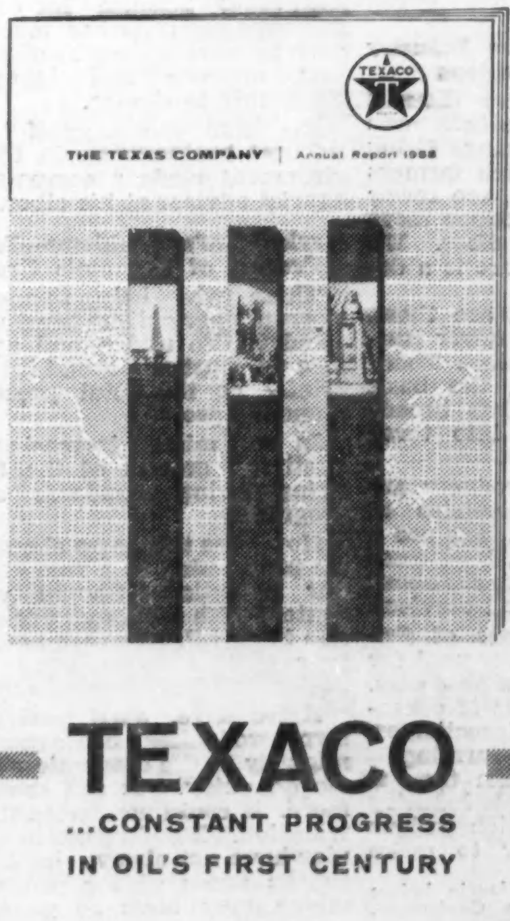
	1958	1957†
Current Liabilities	$ 401,991,085	$ 348,372,466
Long-Term Debt	348,090,313	306,739,743
Reserves for Employes' Plans	39,606,196	57,122,978
Minority Interest	38,097,378	37,471,373
Stockholders' Equity:		
Par value of capital stock issued—shares $25 each	1,500,391,625	1,408,887,650
Capital surplus	—	38,675,350
Retained earnings	827,782,548	605,806,125
	$2,328,174,173	$2,053,369,125
Less—Capital stock held in treasury	44,432,176	13,981,056
Total	$2,283,741,997	$2,039,388,069
	$3,111,526,969	$2,789,094,629

†Reclassified for comparative purposes

CONSOLIDATED INCOME STATEMENT

	1958	1957
Gross Income:		
Sales and services	$2,327,938,837	$2,344,176,856
Dividends, interest, and other income	147,690,893	104,985,554
	$2,475,629,730	$2,449,162,410
Deductions:		
Costs, operating, selling, and general expenses	1,766,602,778	1,684,072,902
Taxes (other than income)	74,909,704	69,845,086
Dry hole costs	34,185,442	45,428,145
Depreciation, depletion, and amortization	233,044,710	216,176,860
Interest charges	12,066,997	12,512,084
Provision for income taxes	41,300,000	83,900,000
Minority interest	3,352,294	4,923,689
	$2,165,461,925	$2,116,858,766
Net income	$ 310,167,805	$ 332,303,644

Copies of the Annual Report are available upon request to the Secretary, The Texas Company, 135 East 42nd Street, New York 17, N. Y.



TEXACO

...CONSTANT PROGRESS IN OIL'S FIRST CENTURY

Implications of Agriculture for Mortgage Lenders and Others

By LOWELL S. HARDIN*
Head of Department of Agriculture, Purdue University
Lafayette, Ind.

Mortgage lenders, agriculturalists and others dependent on farming's health, are brought up to date on the implications involved in growth adjustments occurring as a result of revolutionary changes in agriculture. Turning to other aspects of technology and productivity increasing faster than population expansion, the agricultural economist warns we need more, not fewer, well-trained farm managers and, also, a sensible approach to problem of assisting rural young people and displaced farm labor to re-tool for non-farm work—*sans* "not wanted" signs. The professor refuses to agree that because the existing public program is bad that all are bad. He praises farmers for the tremendous adjustments already made and sees nothing wrong with subsidies—during this process—if it fosters total growth and total welfare.

"Farming does not yield either the profit or satisfaction that it ought to yield and may be made to yield. There is discontent in the country, and in places, discouragement."


Lowell S. Hardin

Spoke President Theodore Roosevelt in a special message to Congress just 50 years ago. Agriculture then, as now, was viewed as a troubled industry. Agriculture then, as now, was thought by most people to be primarily the concern of farmers of rural America.

In discussing the financing of tomorrow's agriculture, we would like to suggest:

(1) That modern agricultural business—supply, production and marketing—is an industry of three dimensions. Its health is a matter of concern to all citizens, not just to farmers.

(2) That farming has contributed mightily to the total economic progress in the U. S. In a large measure, agriculture's troubles stem from the fact that it has made such a mighty contribution to our progress.

(3) That further substantial progress is within our reach . . . if individuals and institutions involved in financing agriculture can continue to help increase the resources with which each agriculturist works.

Modern Agriculture An Industry Of Three Dimensions

Historically, we have thought that the term agriculture was synonomous with farming. Using this definition, we watch farmers become more efficient, see fewer and fewer farmers produce more and more food and fiber. We conclude that agriculture is a declining industry.

The facts, however, are these. Farming does employ fewer people. It should. But since Theodore Roosevelt's day, the basic agricultural industry has broadened and specialized into three dimensions.

Behind the farm producer are the farm supply industries of which financial institutions are a part. These industries, businesses annually sell to our farmers about $17 billion of goods and services:

Over six million tons of finished steel—more than is used for a year's output of passenger cars.

About 55 million tons of chemicals—the fertilizers, insecticides, pesticides for scientifc farming

More crude petroleum than is used by any other single industry—an estimated 18 million gallons

Enough raw rubber to make tires for six million automobiles—around 285 million pounds

More than enough kilowatt hours of electricity to serve the cities of Chicago, Detroit, Baltimore and Houston

Use of over $10.5 billion farm mortgage credit and over $5 billion in non-real estate loans

Producing the goods and services purchased by farmers are an estimated seven million workers.

Working on farms at the peak of the season are only about eight million.

And in the third dimension of modern agriculture, about 11 million workers assemble, process and distribute farm products.

Thus, out of 68 million people employed in the U. S. about 26 million work somewhere in these three dimensions of total agricultural business. For each person employed in the farm, two work in the non-farm segments of agriculture. Yet in terms of capital requirement, about two-thirds of the capital is invested at the farm level and one-third in the non-farm parts of the industry.

When we thus view the total agricultural industry in its three dimensions, we see:

(1) That the financial welfare of agricultural supply businesses and of farmers is closely intertwined.

(2) That the modern farm manager's operation of necessity involves: (a) skillful purchasing because he no longer produces his inputs, he buys them; (b) efficient production because scientific farming remains highly competitive; and (c) planned marketing because increasingly the successful farmer must produce to market specifications, not just produce and leave the marketing to chance.

(3) That the successful agricultural businessman in this environment made a competent financial advisor at his elbow!

Agriculture's Problems—Part of Process of Economic Growth

Those who help finance tomorrow's agriculture must understand it. To understand agriculture we must go beyond it to look briefly at the total process of economic growth.

In our minds, increasing productivity, growth of the G.N.P., rising living standards spell progress.

How does this come about? Are we progressing at a rate equal to our potential? Should we be content with a 3% average annual rise in G.N.P. when we have over four million unemployed, 15 to 20% unused production capacity?

Agriculture, and particularly farm production, has contributed mightily to the economic progress we do enjoy. It can contribute more. It could accelerate its contribution. But farmers in particular have not always shared fully in the fruits of the progress to which they have so generously contributed.

Why this situation? What goes on down on the farm?

Let's look at the record. Here are the average comparisons on about 300 well-managed, central Indiana farms for 1948 and 1957. In this decade of change, these farms:

—Decreased labor force slightly: 1.9 to 1.8 men

—Increased tillable land five acres per year; 193 to 246 acres

—Doubled their acreage of corn; 56 to 103

—More than doubled hogs raised; 160 to 371

—Expanded capital investment $50,000 per year ($55,347 to $103,928)

—Doubled capital per man ($29,-130 to $57,724)

—Handled more money: Cash receipts $21,670 to $32,366; Cash expenses $14,647 to $23,632.

—About held their own in their earned return to their own labor, management and capital—Fluctuated around $9,000 to $10,000 level

—Saw per capita income of persons not in farms rise by more than one-third.

Here we see acreage, intensity of crops, livestock density, capital and physical productivity rising rapidly. Numbers of farms decrease. Size of labor force per farm changes little. Earnings constant at best. Why?

Inside farming, positive economic forces for social progress are at work. Through research, science and technology, farmers are modifying and partially controlling environmental forces. With the same labor force they are caring for more acres, more animals per man. Mechanization, automation here means more output per man. Biologically, we have made the same acres, animals produce more. This, too, has meant more output per man.

The result, of course, is that we need fewer farmers to do the job—just as we need fewer pilots to transport 1,000 people across the Atlantic with jets than with piston aircraft. We need fewer farmers to do the job. Within farming, there isn't a need for as many people—since technology and labor productivity are increasing more rapidly than population is expanding. This is the why inside farming. This is the **push** as we substitute capital for labor on the farm just as we substitute more capital in the form of jet aircraft for pilots in airline transportation.

At the same time, forces outside farming exert a **pull** on people to move from farming to something else. Consumers in a wealthy economy with rising incomes and standards of living bid for non-food items and services. With rising incomes, they want and bid for houses, television, automobiles, travel, boats—and some food services. Pounds of food consumed per person change little.

This bidding pushes up or maintains prices of labor, steel, petroleum and interest rates. When farmers come to hire labor, borrow money, buy a tractor, truck, lumber, fence or chemicals, they bid against the consumers with higher incomes. This keeps the cost of farm production items up, contributes to the cost-price squeeze.

Through this bidding, the consumer is saying, "I'd like more of other things than food. Use labor, steel, chemicals to produce more non-food and services."

Here we see the economic forces at work. Within farming a **push** to adopt technology, to substitute capital for labor, to **release** people. At the same time, fortunately, we have the pull from outside farming of the wage premiums offered by non-farm industries.

Such a process is essential for economic progress. Generally as people are released from a primary industry like food production to secondary industries, living standards rise. The increased efficiency of those in the primary industry makes for higher living standards of all consumers.

This process, however, requires adjustment. People have to move. Those who are released have to re-tool for new kinds of work. The personal price they pay may be high so that society may be better off. This is farming: magnificent, continuing contribution to economic growth. For the process to work, however, there must be an opportunity for those who are released. The **pull** to other work must exist. There is little social or personal gain for the individual farmer who says: "I read the system's signals. I can earn more, contribute more in a non-farm job. But when I seek to change, all signs read 'NOT WANTED.'"

Implications to Mortgage Lenders

"The greatest of all sciences is the science of choice," says Philosopher Elton Trueblood.

Mortgage lenders, like all agriculturists, face important choices in the scientific sixties. In this situation, the razzle-dazzle, revolutionary alternative is not likely to be the choice that pays off. Emphasis will need to be placed upon fundamentals.

What are some of these choices?

(1) To encourage or discourage farm enlargement by your mortgage lending policy.

The key to farm enlargement is access to and accumulation of capital. Some 40% of the sales of farm land in the midwest are for purposes of farm enlargement. Since 1947-49, corn-belt land values have risen over 60%. Those above-average Indiana farmers that we discussed saw their land appreciate almost 75% per year during the decade we reviewed. The real upward pressures on land values are: (1) need to enlarge individual units for production efficiency; (2) desire to hold real property as an inflation hedge; and (3) the increasing demands upon our land area for urbanization and development. These, in our judgment, are continuing pressures. Over any 10-year period, values of good land on which modern technology can be used are likely to rise. Of course, we can't pay interest and principle from appreciation alone. Earning potential is also required.

Because the pressure on the individual farm operator to enlarge is continuous and unrelenting, ways will be found to meet mortgage lending needs. To this end, we will experiment with: families or small corporations. More specialization in the provision of capital; more tenant operation; increased part-owner operation; greater use of farm contracts. We shall probably come to accept a higher level of mortgage indebtedness as normal and desirable. We admire the thrifty character of yesterday's farming generation which went through extreme personal privation to achieve debt-free status. Such privation, however, can hardly be regarded as a necessary pattern in a society which enjoys our higher living standards of today.

(2) To service agriculture's non-real estate credit needs directly or encourage them to seek indirect sources of financing.

In the scientific sixties, those farmers who profit most will adopt new technologies before the **masses** do so. This means a substantial increase in the $5 million in institutional non-estate loans to farmers. Commercial banks now extend over $3.5 billion of this $5 billion total. Production credit associations, however, are increasing their participation in this area. Further, the growing agricultural supply industry has a real stake in making old farm practices obsolete. Increasingly, competition among agricultural supply firms is emphasizing non-price items. Service — including credit extension by non-financial institutions — at times becomes more important than price in the race to obtain the farmer's business. You have heard much about vertical integration in agriculture. Credit is often one of the tools in the integrator's package deal. We hear discussions of the possibility of national leasing firms extending their services to farmers by leasing to them machinery, even buildings. Recently a farm building and hardware supplier proposed the formation of its own acceptance corporation.

Lending institutions by their action — or inaction — will determine the direction farmers and agricultural supply firms go for their shorter-term credit. Efficiency considerations suggest more direct merchandising of credit to farmer users rather than its extension by a feed, fertilizer, supply or building firm acting as a financial middleman. To bankers, the business potential is there—if some alternative doesn't appear easier or financially more attractive.

(3) To render general or specialized agricultural credit service at both the correspondent and country banking levels.

Our discussion of agriculture in the 1960's clearly indicates that the supply firms servicing farms are becoming more highly specialized. Country and correspondent banks are also agricultural supply firms. If they are to encourage farm enlargement and if they are to service farmers directly, then they, too, must become more specialized in services and in personal. Recently Mr. Frank W. Black, Executive Vice-President, People's National Bank, Barre, Vermont and member of the ABA Agricultural Commission said:

"Few of our . . . banks which we use as correspondents now have men on their staffs conversant with agricultural credit. It would be difficult for us at the present time to have to depend upon our correspondents for an extensive and effective relationship."

Speaking to the operation of the country bank, Mr. Black added:

"I thoroughly believe that in order to effectively serve agriculture, a bank must have on its staff a man or men trained in agriculture. And I would add a man capable of becoming a bank officer if he is not already one."

(4) To contribute to public understanding of agriculture's problems, progress, and potential or further weaken agriculture's strained public relations.

As Theodore Roosevelt pointed out 50 years ago, "There is discontent in the country, and in places discouragement."

To read the metropolitan press, we would conclude that there is little that is good in agriculture. Consumers—and that includes all of us—are basically agriculture's friends. We know that food is among the most basic of man's wants. Further, we know that in no economy has man previously produced food in such plenty, with such efficiency and at such a low real cost to consumers.

Problems of Adjustment Change

Why then is agriculture's public relations strained? Because leaders and the public press accuse agriculture of seeking something for nothing, of accepting subsidies, of voting to restrict production, of accepting direct payment for food in the market place and for getting paid again via taxation.

To a considerable degree, these accusations are true. However, it is neither logical nor fair to jump to the conclusion that because one public program doesn't work, all public programs are bad. Nor is it in the interest of any economy to turn group against group; be it consumer against farmer or management against labor.

Agriculture's problem centers in the pains of economic growth,

*An address by Prof. Hardin before the Midwestern Mortgage Conference, Farm Loan Clinic, Chicago.

change. Without change we stagnate or deteriorate. So we want change. To get change we must adjust. To adjust is painful — if adjustment involves shifts and insecurities. Yet farm people have been doing this amazingly well. Farm employment decreased one-fifth from 1950 to 1958.

Throughout the history of our dynamic economy we have encouraged change; we have fostered equality of opportunity. We have not hobbled, weakened of shackled the strong, the pace setters, the leaders. Rather we have tried to strengthen and educate and help the less strong or less fortunate. **Society has lowered the human cost of change, displacement.**

This is our policy challenge in agriculture. Because farming is a progressive contributor to economic growth, it has growth problems. Our principle says, lower the human cost of change; don't retain the **status quo** and stagnate. We need more, not fewer, well-trained, top-level farm managers in the future. At the same time, we need to help rural people to change jobs. We need to provide rural young people with training, knowledge that they may choose the most promising alternatives for their life work. Far more young men and women will continue to be born into farming than can earn an acceptable living there.

You, in your responsible position of public leadership, can help non-agricultural people understand the fundamental nature of this problem. You can help them see the tremendous gains that consumers have made in living standards and the debt we owe agriculture and our economic system. You know that public assistance — yes, even subsidy — is not necessarily bad—if it contributes more to total growth and total welfare than it costs. In short, you can help to bring some semblance of order out of our confused public understanding of agriculture. Yes, you can help ease agriculture's strained public relations—to the credit of your profession and the advancement of the American economy.

Waste King 6% Conv. Pfd. Stock Offered

An underwriting group headed by Straus, Blosser & McDowell today is publicly offering 100,000 shares of Waste King Corp. series C 6% cumulative convertible preferred stock at par ($17.50 per share).

Until March 31, 1964 the stock will be convertible into $1 par value common at the rate of .795 share of common for each preferred share. Conversion rights terminate March 31, 1969.

Net proceeds will be used to reimburse funds used in purchasing control of Cribben & Sexton Co., for new product lines and to augment working capital.

Waste King, a Los Angeles manufacturer of garbage disposers, dishwashers and other domestic and commercial kitchen appliances, is acquiring 182,000 shares of Cribben and Sexton common on the basis of two shares of Cribben and Sexton for one Waste King share $12.50 cash. Cribben and Sexton, whose headquarters are in Chicago, makes household and commercial cooking equipment, household dishwashers and space heaters.

Pro forma combined sales of the two companies in eight months ended Nov. 30, 1958, were $21,005,819 and pro forma net earnings were $516,602. Following the financing, capitalization of Waste King will comprise the 100,000 shares of new Series C preferred stock and 450,788 outstanding shares of common. Cribben and Sexton capitalization will be a $184,600 4½% first mortgage loan, 40,000 shares of 4½% $25 par cumulative preferred stock and 11,100 shares of common (apart from the stock to be owned by Waste King).

Other underwriters include: Bache & Co.; H. M. Byllesby & Co., Inc.; Crowell, Weedon & Co.; Cruttenden, Podesta & Co.; Dempsey-Tegeler & Co.; William R. Staats & Co.; J. Barth & Co.; Loewi & Co. Inc.; McCormick & Co.; The Milwaukee Co.; and Schwabacher & Co.

Opens Investment Office

FORT DIX, N. J.—Lillian C. Wegard is conducting a securities business from offices at 67 Flint Road.

Eric J. Gavel, Sr. Opens

SAYREVILLE, N. J.—Eric J. Gavel, Sr. is conducting a securities business from offices at 22 Washington Road.

J. D. Jordan Opens

HIALEAH, Fla.—James D. Jordan is engaging in a securities business from offices at 970 West 53rd Terrace.

F. C. Thomas, Inc.

OLEAN, N. Y.—F. C. Thomas, Inc., is engaging in a securities business from offices at 416-28 East State Street.

First New England Secs.

SOUTHBRIDGE, Mass.—Walter D. Pearson is engaging in a securities business from offices at 320 Main Street, under the firm name of First New England Securities Co. Mr. Pearson was formerly with Charles A. Day & Co., Inc.

Should the British Government Purchase U.S. Electric Computers?

By PAUL EINZIG

Is our recent trade behavior a prescience of a fate paralleling British experience? In raising this point, Dr. Einzig advises his country not to retaliate even to the limited extent of imitating our example of discouraging purchase of foreign goods by government departments and other official bodies — such as having the British War Department cancel its recent order for an American electronic computer. He praises Britain's reversion to free trade which is said to tax the limits of her reduced means; admits our action weakens the argument against not trading with USSR; and declares, if our action is due to our economic declines, it is the duty of the free world to put up with our policy until we recover our economic power— providing we have lost it.

LONDON, Eng.—There is a real danger that a trade war will develop in the near future between the United States and Great Britain. In recent months a number of measures were taken or foreshadowed in the United States the cumulative effect of which is a growing feeling of resentment in British political and business circles and in the British Press.

Dr. Paul Einzig

They all aim at restricting British or Commonwealth exports to the United States, at a moment when business conditions in Britain leave much to be desired, and when British opinion is obsessed with fears of a further increase in unemployment. Resentment of the new American policy is all the stronger as during recent years British policy has made considerable progress towards non-discrimination against American goods. The recent return to convertibility was a most important step in the direction of free trade, and it is—or at any rate was until quite recently — the British Government's intention to remove the remaining restrictions on the import of dollar goods as soon as practicable.

Addressing the American Chamber of Commerce in London on March 11, the President of the Board of Trade, Sir David Eccles, made some outspoken remarks on the subject of the recent change in American commercial policy in the direction of protectionism and economic nationalism. Instances of the new American attitude included the rejection of the Greers Ferry contract; the methods used in Montreal for getting an adverse vote against the Decca air control system; the lead and zinc quotas which affected vital interest of Canada and Australia; and various other instances pointing in the same direction. Growing pressure on the Administration to reinforce existing legislation in order to exclude British woolen textile goods is viewed with much concern in London.

Quite recently the Government was criticized for having made a concession in favor of the American machine tool industry without insisting on any reciprocity. It seems highly probable that sooner or later there will be irresistible pressure on the British Government to retaliate to such measures by a reversal of its policy of liberalization of import trade from the United States. Feeling in political circles in London is particularly strong against the rejection of British tenders which were considerably lower than the lowest of American tenders. There is some talk about the introduction of a Private Members Bill empowering the Government to ban the import of goods produced by firms who benefit by such discrimination against British tenders. Pressure is brought to bear on the Government to imitate the American example by discouraging the purchase of American goods by Government departments and other official bodies. From this point of view the War Office is subject to some criticism for having just placed an order for an American electronic computer.

Weakens Ban Against USSR Trade

Nor is this all. American resistance to the admission of British goods weakens the hands of those of us in Britain who are opposed to an expansion of British trade with the Communist countries. It now seems highly probable that, in order to facilitate the increase of British exports to the USSR, very substantial credits will be arranged under the official Export Credits Guarantee scheme. Our arguments against such a move—which apart from other considerations would be most untimely during a period of growing tension over Berlin—are bound to lose much of their force in face of evidence of American resistance to the import of British goods. After all, it is said, if the United States refuse to buy British and Commonwealth goods, those goods have to be sold to someone!

It is difficult to make British opinion understand that this new wave of American protectionism ought to be viewed with some degree of understanding in the light of the noteworthy decline of the economic strength of the United States through the increase in unemployment and the outflow of gold. It is only really strong and self-assured countries that can afford to be free-traders. During the 19th Century Britain could easily afford to preach and practice free trade. Conscious of her economic strength, she did not feel the need for taking artificial steps to reserve the domestic market for British producers. But between the two world wars Britain came to realize that she could no longer afford to pursue the rich man's policy of unfettered free trade. During the postwar period, too, there was a growing school of thought that Britain was going too fast and too far in the direction of liberalization, beyond what the country could afford in prevailing conditions.

The extent to which a country's attitude towards free trade is liable to be affected by economic conditions is indicated by the complete reversal of the attitude of Lancashire, Britain's textile district. Manchester was the birthplace of the 19th Century free trade movement which is commemorated by the Free Trade Hall, the scene of many important free trade meetings. It was suggested recently that this building should be re-named "Protection Hall," because of the complete change of attitude of Lancashire towards commercial policy. In 1919 the textile industry of Lancashire stood to gain by free trade. In 1959 it stands to lose by it. It can no longer afford to champion the old principles.

Are We Following Britain's Path?

Many quarters in Britain are inclined to regard the revival of American protectionism as evidence that the United States too has now come to follow Britain on the path of economic decline. Beyond doubt it is an indication of weakness and lack of self-confidence. During the early postwar years the United States assumed the leadership of the free trade movement, leadership that was reluctantly relinquished by Britain. Evidently, however, in the case of the United States the crusading spirit of free trade was not deeply rooted. A relatively slight decline from the postwar peak of economic power—slight in comparison with Britain's decline from its 19th Century peak of economic power — is sufficient to reverse the American attitude.

Britain on the other hand in spite of her many difficulties has been trying hard to revert to free trade within the limits of her reduced means, indeed even beyond them. For this reason British opinion may find it difficult to understand the present change of American policy. It is felt on this side of the Atlantic that the reversion to protectionism is not warranted by the known extent to which American economic power has declined. There is an uneasy feeling that the decline, actual or prospective, must be much more substantial than would appear from the known facts. What those who hold such views overlook is that exaggeration is a basic American characteristic and that a relatively moderate decline is liable to produce a much more pronounced reaction in the United States than in Britain.

But if the decline were really so pronounced as to justify a basic change in economic policy this would be a major disaster for the free world. Should there be a real danger of a fundamental weakening of American economic power then it would be the duty of Britain and of all other democratic countries to put up with the consequences of American protectionism in the hope that in doing so they would assist the United States in recovering their lost economic power. The visible signs of decline would have to be much more evident, however, before such an attitude could be made to prevail.

It is to be hoped that, notwithstanding pressure in favor of retaliation, a policy of wisdom and restraint will prevail in Britain. Any British action of retaliation would further accentuate pressure for more protectionism in the United States. It would also damage Anglo-American relations at a moment when the maintenance of a united front is of paramount importance.

N. Y. Bond Club to Hear M. J. Rathbone

M. J. Rathbone, President of Standard Oil Company (New Jersey), will speak at a luncheon meeting of The Bond Club of New York on Thursday, March 19 at the Bankers Club, Harold H. Cook, Spencer Trask & Co., Bond Club President, has announced. Mr. Rathbone's topic will be "Today's Oil Picture."

Fidelity Management Co.

RICHMOND, Va.—Fidelity Management Company has been formed with offices at 5001 West Broad Street to engage in a securities business. Officers are Harold J. Richards, President; Richard H. Guilford, Vice-President and Treasurer; and George J. Solomon, Secretary. Mr. Solomon was formerly an officer of First Lewis Corp.

Continued from page 6

Facing Instalment Credit Problems To Achieve Balanced Growth

made a new car less of a so-called "prestige symbol." An examination of statistics on outstanding instalment credit and new extensions does not show extreme concentration in periods of rising economic activity and a drying up of instalment credit in depressed times. But we should not minimize the importance of the fluctuations that do exist. An upward or downward shift in instalment financing and durable spending of \$3- or \$4-billion annually is likely to exert important secondary effects on income and additional consumption spending. At times, the total effect of such shifts has probably had a significant inflationary or deflationary effect on the economy as a whole.

Some Undesirable Results

Undesirable results that may arise at times from instalment lending are really the results of the volatile demand for consumer durables. Instalment lenders may be said to facilitate this process by merely responding to the demand for borrowed funds by consumers. It's not as though, in responding to and meeting this demand, instalment lenders have been guilty of making unsound loans. This has not been a serious problem in the post World War II period.

Is there anything about the nature of the instalment lending process or of the traditional tools of monetary policy that may offset or limit the destabilizing effect of instalment credit purchases to the extent that it does exist. First, we might consider what sort of changes in borrowing terms will affect consumer willingness to finance puchases through instalment credit. Will a 1 or 2% increase or decrease in interest rates matter much? Probably not. Even on a new car purchase a 2% point increase in rates will amount to only a few dollars a month. On the other hand, shortening the maximum maturity on an auto loan from 36 to 24 months will raise monthly charges by close to 50% and may be sufficient to postpone or downgrade a car purchase. Increased required down-payments or more rigid credit standards will curtail instalment purchases by eliminating that portion of demand that cannot ante up the down-payments or meet stiffer credit checks.

In practice, during periods of buoyant economic activity, instalment lenders may pass on higher interest costs associated with tight money. But there has been little recent tendency for lenders to tighten up on down-payment and maturity terms. As for credit standards, it's well known that the quality of credit extended tends to deteriorate during advanced stages of economic booms. Lenders on instalment credit may actually require tougher credit standards when demand and the level of economic activity are at relatively low levels. Monetary policy probably does not have much effect on encouraging (or discouraging) instalment lending at those times when monetary policy seeks to encourage (or discourage) lending and spending in general.

During periods of tight money when bank reserves are limited, banks may have to sell securities in order to meet customer loan demand, and banks may have to turn down some loans or else to pare down borrower requests. Some banks may limit their instalment lending at such times — possibly by imposing more rigid credit standards. But this generally means foregoing the most profitable of bank lending activity and vacating the field for nonbank competitors.

Selective Credit Controls

No one can deny that selective credit controls could be devised which would be somewhat effective in influencing the direction and degree of economic growth in various segments of our economy. At various times, we have seen the results in the fields of mortgage lending, consumer instalment credit, and to a lesser extent in other segments of our economy. In retrospect it is not impossible to point out certain excesses in various segments of our economy in a particular business cycle. But it is not always possible to identify the excesses in particular segments in advance or even concurrently with their development. If this were possible, the process of self-correction would certainly be more effective than it proves to be in practice. For the time being, it seems that borrowers, lenders, and government administrators still look to the future without omniscience.

The expansion phases of the most recent business cycle which reached their peak in late 1956 or early 1957 included in successive waves housing, consumer durables, unprecedentedly heavy expenditures for plant and equipment expansion, and a general expansion of inventories by manufacturers and distributors. Productivity did not advance as rapidly as wages and inflationary pressures were evident to an alarming degree. Monetary policy was administered with vigor although somewhat belatedly in an effort to temper the boom. So much cannot be said for fiscal policy. In this field, we again demonstrated our unwillingness to support fiscal-policies which are designed to be countercyclical in character. In other words, government expenditures expand in good times as well as bad.

It is now two years since the Federal Reserve Board submitted its monumental six-volume report to the Council of Economic Advisers. To those who have not read it, I commend it for study. As you know, the Board of Governors reported to the Senate and House Banking and Currency Committees on May 24, 1957, as follows:

"A special peacetime authority to regulate consumer instalment credit is not now advisable. The Board feels that the broad public interest is better served if potentially unstabilized credit developments are restrained by the use of general monetary measures, and the application of sound public and private fiscal policies."

Here's the Rub

As we all know, the subject of stand-by control authority with respect to consumer instalment credit is again the subject of active discussion in the Congress and by various institutions and commissions concerned with inflation and the effectiveness of monetary policy. You will note that the Board in its statement referred to "the use of general monetary measures and the application of sound public and private fiscal policies." Here's the rub. If we continue to be unable or unwilling to face up to the hazards of unsound public and private fiscal policies in our efforts to restrain inflation, then we do indeed face renewed efforts to expand various types of credit controls — perhaps not only with respect to instalment credits, but also in other directions as well:

housing, inventories, plant and equipment expenditures, etc.

Many have debated the pros and cons of reinstating something like Regulation W on a stand-by basis. There are many objections to such controls. To be effective, minimum down-payments and maturity terms would require extremely fine timing on the part of regulators. Enforcement problems would create difficulties as they did during previous periods in which Regulation W was in force. Noncompliance would probably be a much more serious problem in a nonwar period. Certainly, any legislation that is easily evaded or encourages evasion is undesirable on political and social grounds. Thus, it is obvious that the desirable effects from regulating instalment credit would have to be very clear-cut and important to compensate for the administrative problems that would arise from such regulation. New developments in the field of consumer credit since the last effort in this direction will greatly complicate the problem.

A common argument against instalment credit controls is that they are discriminatory and distort the free flow of resources; however, such an argument is not altogether convincing as a sharp contrast with the present system of quantitative controls. It isn't clear that the effects of general monetary policy are really so general and nondiscriminatory. If restrictive monetary policy bears heavily upon business borrowers, including small business borrowers, and has only limited effect on instalment borrowing, it isn't clear that it is, in practice, nondiscriminatory. And if restrictive monetary policy limits the lending activity of commercial banks without significently limiting the lending activity of nonbank lenders, then how nondiscriminatory, in practice, is such policy?

Advise Against Negative Attitude

In the years which lie ahead, an entirely negative attitude in this matter of the role of instalment credit may not suffice. This will be especially true for commercial banks if almost the entire burden of inflation restraint is left on the doorsteps of those in charge of our monetary policy. Such a situation will inevitably lead to some re-examination of the position of commercial banks in relation to that of nonbank lenders of this important field of activity. I trust that the answer will not lie in the direction of more and more controls.

If we are serious about maintaining the value of the dollar, and achieving continued growth in the productivity of our economy, then it is imperative that general monetary measures be supplemented by sound public and private fiscal policies. Bill McDonnell recently described inflation as "the alleyway to socialism—leading as it will to wage controls, price controls, more and more economic authority in the hands of government." It is a part of our responsibility as bankers to give strong support to the development and maintenance of sound fiscal policies at all levels of government. In the field of instalment credit, we must strive to continue the improvement in standards of performance which have been achieved with the help of the leadership which this group has provided.

In closing, I would like to quote a few lines from a statement issued by the Board of Governors of the Federal Reserve System last week.

"Among other reasons for seeking economic growth is the importance of demonstrating to the world that free economies under democratic political systems can outperform regimented economies under dictatorial political systems in providing high and rising living standards for all of the people. "Economic progress, however, cannot be measured merely by percentage increases in the quantity of output. Also at stake is the opportunity to live as free men, the responsiveness of the productive systems to the desires and tastes of consumers, the quality of goods and services, the degree of leisure and opportunities for using it in a satisfying way, and our willingness to aid other nations seeking similar advantages. These aspects of our economic performance will have a great influence on how the rest of the world judges the merits of free versus regimented economies."

White-Phillips Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Daniel F. Sullivan, Jr., has become associated with the White-Phillips Co., Inc., First National Bank Building. He was formerly with Barcus, Kindred & Co. and Baxter & Co.

New Branch Office

Sartorius & Co., members of the New York Stock Exchange, have opened a Washington Heights branch at 560 West 181st Street under the management of Charles B. Levine, a partner in the firm.

Benjamin Alpert Opens

BOSTON, Mass.—Benjamin Alpert is conducting a securities business from offices at 89 State Street.

Russell Bennett Opens

(Special to THE FINANCIAL CHRONICLE)

HIALEAH, Fla. — Russell E. Bennett is engaging in a securities business from offices at 970 West 53rd Terrace.

J. H. Bennett Opens

HOUSTON, Tex. — James H. Bennett is conducting a securities business from offices at 3808 Broadway, under the firm name of James H. Bennett & Sons.

Bright Future Ahead for The Appliance Industry

By ROSS D. SIRAGUSA, SR.
President, Admiral Corporation, Chicago, Ill.

Now that his firm has celebrated its 25th anniversary, Mr. Siragusa takes a short look back and a long look ahead. Convinced that the industry is entering a new era, he predicts for this year decided gains in stereophonic, freezer and transistor radio sales, and a market for six million TV units. The industrialist beseeches TV broadcasters to offer much better programming without "buckets of commercials on top of it."

We are entering a new era in the history of our industry. New products, new markets and radically changing patterns of distribution make this coming year one of challenge and opportunity for all. For example, this year stereophonic high fidelity will come into its own and sales will skyrocket. In freezers, there will be a sales increase of significant size.

Ross D. Siragusa

Extremely low saturation and a greatly increased consumer demand for these two products in particular, offer a sales gold mine. Transistor radios will continue to offer another market with unlimited sales potential.

I said changing markets. This year the television market reaches maturity and there are equally great sales opportunities in such a climate.

To put them more in focus, let's examine the very close parallel in the history of radio. After introduction, radio sales boomed for 10 years. They climbed steadily to the saturation point. Once there, sales dipped for a short period and then began another steady climb. As you know last year, radios marked their fourth highest sales point in 30 years.

We have reached the high saturation point in television and experienced the natural dip that follows. Already we see the start of another climb, generated by replacements and second sets in the home. When a replacement market increases to the point where it offsets the decline caused by saturation, you begin to see a healthy increase in total unit sales.

Sees 6 Million TV Sales

We have reached that point. In 1958 sales were down to approximately five million plus units — down approximately 20% from 1957. In 1959 the television industry should hit the six million mark.

Replacements plus the second and third set market will be the dominating influences. The great new models will help the industry reach this six million figure.

Wants Better TV Programming

One thing we are missing however in television is the exciting kind of TV programming that without a doubt serves as a stimulus to television set sales.

Once more, as we did in June, we want to take issue with the three basic television networks not only for offering the American people a thimbleful of imagination in programming, but for throwing buckets of commercials on top of it.

Recently in Europe I witnessed a dramatic example of creative television in action. There an international network televised the magnificent coronation in Rome. Into France, Belgium, Italy and other countries, the blazing drama of one of history's great moments was brought to the people. Groups gathered in front of the television set to witness living drama. When has this sort of excitement brought groups to the television screens of America?

I believe we have barely begun to understand the great power for good, lying relatively dormant in the magic of television. Just imagine for a moment what a force for peace might grow from an exchange of TV time between the United States and Russia. One half-hour a week to be given free on an American TV network in exchange for one half-hour in the Russian TV home. But regardless of whether or not there are any exciting changes in programming, the prospects for TV sales are only as limited as the imagination.

Bright Future

The future of the appliance industry looks very bright indeed for those who are ready to give Mr. and Mrs. America what they want — and a little better than what they expect. Recent surveys on the consumer's intent-to-buy reveal that they believe this year will be a good year to make major purchases. This intent-to-buy has arisen steadily during the past few months. But intent-to-buy must be converted into sales.

Government of Jamaica Receives Proceeds of Recent Offering of $12,500,000 Bonds

Representatives of the Government of Jamaica at ceremonies March 4 in New York City received a check for the net proceeds of the sale on Feb. 26 of $12,500,000 principal amount of the Government's bonds. The bonds are the first issue of Jamaica, a British Colony with wide political autonomy, to be payable in United States currency.

In the picture above Noel N. Nethersole, Jamaica's Minister of Finance, seated, left, accepts a check for the proceeds from Frederick M. Warburg, partner of the investment banking firm of Kuhn, Loeb & Co., manager of the underwriting group which offered the bonds to the public. Observing the formal transfer of the funds are, standing, left to right, F. H. Foster, Acting Accountant General of Jamaica, and John S. C. Guest, of Kuhn, Loeb & Co.

Net proceeds from the sale of the bonds will be applied by Jamaica to meet a portion of contemplated expenditures for economic and social development, including agricultural development, general development—such as airport, drainage, and port and harbor development—housing, water supplies and municipal works. The closing ceremonies took place at The Chase Manhattan Bank.

Mechanized Systems For Thomson McKinnon

Mechanization and programming of the paper routing and handling procedures are a feature of the new brokerage offices of Thomson & McKinnon, at 2 Broadway, New York City. Thomson & McKinnon, one of the largest brokerage houses in New York City, has taken advantage of the move to install an automatic, high-speed document handling System.

The brokerage office's thoroughly modernized traffic procedures mechanize approximately 90% of the document handling. This effects considerable improvements in procedural efficiency, economy, speed and reliability, according to a partner of Thomson & McKinnon.

Cinn. Bond Dealers To Hold Fall Outing

CINCINNATI, O.—The Municipal Bond Dealers Group of Cincinnati will hold its Annual Outing Sept. 17 and 18. Cocktail and Dinner Party on Thursday at the Queen City Club; Field Day on Friday at the Kenwood Country Club. All are invited.

Form Gentry Co.

HOUSTON, Tex.—F. R. Gentry & Co. has been formed with offices at 7101 Sidney Street to engage in a securities business. F. R. Gentry is president and treasurer, and E. E. Gentry, secretary.

Max Labiner Opens

SOUTH RIVER, N. J. — Max Labiner is conducting a securities business from offices at 156 George Street. He was previously with Shiff & Co.

Continued from page 17

A Business with a Real Future: Dynamic Electronic Components

and shape into one simple unit. This unit, or module, can be built to function as an amplifier, oscillator, filter and the like, in aggregate, to meet the specified needs in electronic circuit design.

We in RCA have found that by combining our **micromodule concept** with existing techniques in miniaturization, we can reduce many military items to one-tenth —and in some cases to as little as one-thousandth—their present bulk.

Experimental circuits, including entire assemblies, wiring and other elements, have been compressed into micromodules no bigger than a cough drop.

Excellent progress also is being made in what are known as "printed circuits" — those boards on which the wiring for an electric circuit is permanently etched or stamped. We call ours "security sealed circuits," since they are almost completely impervious to the environmental stresses that caused failures in the past.

Today these devices, which take up only a fraction of the space required for wired circuits, have proven so useful and necessary in so many electronic products—including missiles and other Space Age systems—that some $40 million worth are expected to be produced and sold this year. This is an 800% increase over five years ago.

Summing up, for a moment, the range of electronic components business is widening at a terrific rate and new horizons for expansion seem to appear in almost any direction we look.

II

Emergence of a Space Age Giant

I am sure security analysts—remember when electronics, as mysterious and far-reaching as the name sounded, had little importance outside of the fields of communications and entertainment. We now know what a vastly changed force of progress it has become.

Electronics has an impact on virtually every phase of our daily lives. As the most dynamic industry in the nation, it provides an astonishing range of products for man's needs, namely:

Lessening drudgery by devising automatic equipment for our homes, offices and factories.

Broadening our education, through transmitted sight and sound.

Aiding our health, through new tools for medical science.

Supplying us with entertainment, over the air and through high fidelity and stereo.

Protecting us, through ingenious sytems of warning, guidance and control of weapons.

Thus, electronics extends to many quarters its magic touch and phenomenal abilities.

And in each instance of achievement and each instance of expansion, the demand grows for electronic components, the building blocks of all products, systems and services.

People in the electronic components business realize today that they have an industrial colossus in the making—a branch of electronics that already is showing signs of directing the course and determining the future of the electronics industry itself.

I would be remiss, indeed, if I failed here to emphasize the enormously important role that electron tubes continue to play in the components business and in electronics as a whole, despite the growing performance of semiconductors.

Let me begin by reminding you that every time an inter-continental ballistic missile blasts off from the Air Force Missile Test Center at Cape Canaveral, Fla., scores of electron tubes pulse inside the giant "bird," controlling its flight and sending its messages back to earth. Thousands of other tubes glow on the ground at the base, and on island watching-posts that stretch 5,000 miles into the Atlantic.

Radar tubes help track the flight. Other types are vital to the communications, timing and telemetering systems which record flight data. In a single test more than 100,000 tubes are used on the Canaveral range, headquarters of America's biggest effort to win world missile leadership.

Electron tubes remain basic components not only in defense but in industry and in the home as well. They perform the critically important function of detecting and of amplifying, or strengthening, electrical signals. Transistors, of course, can substitute for tubes in many applications. But electron tubes are vital to electronics. They are familiar to most of us as the domed upright cyclinders in our radio and television sets, but they come in a multitude of sizes and shapes and have a multitude of applications.

Uses of tubes, and the number of tubes being manufactured, continue to multiply. An estimated 400,000,000 receiving tubes and 12,000,000 TV picture tubes were produced in 1958, in addition to some 46,000,000 transistors. A year ago RCA turned out its two billionth electron tube; and last month we produced our 20 millionth black-and-white TV picture tube. We like to make tubes at a reasonable profit, the same as our competitors do.

An essential factor has been continuous improvement of production techniques, or applying new techniques that speed output and cut costs. The successful electron component plant today, whether it be devoted to products for the home, industry or defense, must by necessity be a model of efficiency.

There is a growing trend toward automation and in many cases component design can be aimed at the outset at low cost mass-production techniques. This is why the micromodule concept—or, for that matter, any concept aimed at uniformity of size and shape of vital elements—assumes such outstanding significance on the electronics scene.

III

Present and Potential Sales Outlook

Now I come to the *piece de resistance* for the men of figures and statistics.

The annual dollar volume of the electronic components business of the industry as a whole bounded from $305 million in the post-World War II year of 1946 to $1.4 billion in 1950. It has gone up steadily from there: $2.2 billion in 1955; $2.4 billion in 1956;

Summary of Electronic Components Sales: 1946-1970
(Millions of Dollars)

	1946 $	1950 $	1955 $	1956 $	1957 $	1958 $	1959 $	1960 $	1965 $	1970 $
Tubes	114	513	757	813	837	810	885	930	1,050	1,040
Semiconductors	---	---	42	83	148	187	228	286	551	780
Electronic components	93	419	680	719	778	887	998	1,035	1,085	1,350
Mechanical components	98	444	720	770	840	955	1,050	1,175	1,490	1,700
Tot'l electron. components	305	1,376	2,199	2,385	2,603	2,833	3,161	3,426	4,176	4,870

$2.6 billion in 1957, and on up to $2.8 billion in 1958.

This represents an overall increase in electronic components business of more than 800% in 12 years.

I would like to point out that more than a third of the 1958 total came from electron tube sales—which amounted to $810 million.

Semiconductors, including all types of transistors, accounted for $187 million in 1958; electronic components, other than tubes and transistors, amounted to $887 million, and so-called mechancial components accounted for $955 million.

Looking to the future, it is estimated that the electronic components business in 1960 will have reached $3.4 billion; in 1965, $4.2 billion; and in 1970, $4.9 billion. (See accompanying table.)

Taking the individual categories of components, we find that electron tube business is expected to pass the $1 billion mark in 1965, and drop back to about $1 billion in 1970.

Some estimates are higher than those I have here. For instance, one source believes that the electronic components business will pass the $4½ billion mark in 1965. My own estimates, as you recall, stipulated $4.2 billion for that year.

But the big point is that we are talking about a business with real future—a business with exciting potentials and tangible results.

Finally, it is my prediction that old line companies with experience in electronics will remain in the running only so long as they remain alert to the dynamic factors involved in producing electronic components.

This means continuing emphasis on research and development. It's obvious that in the pioneering stages of our components' revolution many approaches to the application of new techniques will evolve.

Competition for business through the use of slightly different physical approaches and unique manufacturing processes will provide an opportunity for new companies to find markets for their devices in the initial design of new end products of electronics.

But neither these new companies nor the older manufacturers can last long if they fail to grasp the significance of changes taking place and gear their research and development programs to meet the mounting challenges.

For some of the new fellows that we hardly hear about these days like this field of electronic components so well and possess so much imagination, know-how and daring, that in my opinion, they will make seven-league strides toward becoming the industrial giants of tomorrow.

Berens Securities Corp.

WASHINGTON, D. C.—Berens Securities Corporation is engaging in a securities business from offices at 1722 L Street, N. W. Officers are George W. de Franceaux, President; A. Jasper Moore, Executive Vice-President; and Eugene F. Ford, assistant to the President.

E. K. Aagaard Opens

SALT LAKE CITY, Utah—Elmer K. Aagaard is engaging in a securities business from offices in the Newhouse Building.

Montgomery Co. Opens

RIDGEWOOD, N. J. — J. L. Montgomery & Co., has been formed with offices at 494 Hanks Avenue to engage in a securities business. Partners are James L. Montgomery, formerly with White, Weld & Co., and I. N. Montgomery.

$28,925,000 Bonds of City of Baltimore Offered to Investors

Bankers Trust Company, The Chase Manhattan Bank and The First National City Bank of New York are joint managers of the group that offered publicly March 17 an issue of $28,925,000 City of Baltimore, Md., 3, 3.10 and 3.20% various purpose bonds priced from a yield of 1.90% for those due in 1960, to par for 3.20s in 1979-82. The group was high bidder for the bonds at competitive sale on a bid of 100.2218 for the combination of coupons, a net interest cost of 3.1147%.

Rated Aa by Moody's and A-1 by Standard & Poor's, the bonds are unlimited tax general obligations of the city. They are being issued for various municipal purposes.

Among those associated with the managers in the offering are:

J. P. Morgan & Co. Inc.; Guaranty Trust Company of New York; Smith, Barney & Co.; Lehman Brothers; Harriman Ripley & Co., Inc.; Blyth & Co., Inc.; Harris Trust and Savings Bank; The Northern Trust Company; Chemical Corn Exchange Bank.

Kidder, Peabody & Co.; Stone & Webster Securities Corporation; Lazard Freres & Co.; Phelps, Fenn & Co.; Alex. Brown & Sons; Salomon Bros. & Hutzler.

Goldman, Sachs & Co.; Mercantile-Safe Deposit & Trust Company; The First National Bank of Oregon; Equitable Securities Corporation; Mercantile Trust Company; R. W. Pressprich & Co.; John Nuveen & Co.

J. W. Hurley Forms Co.

NORRISTOWN, Pa.—Joseph W. Hurley has formed Joseph W. Hurley & Company with offices at 18 West Airy Street Building to engage in a securities business. Mr. Hurley was previously with Parsly Bros. & Co.

Mullaney, Wells Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Richard G. Muench is now affiliated with Mullaney, Wells & Company, 135 South La Salle Street, members of the Midwest Stock Exchange.

New Williston Branch

A new branch office of J. R. Williston & Beane, members of the New York Stock Exchange, has been opened at 521 Fifth Avenue, New York City. This represents the second branch opened by the firm in the past 30 days.

The new office will be under the direction of Robert K. O'Connor, assisted by William J. Maguire, Jr.

First California Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ralph C. Davidson has been added to the staff of First California Company, Incorporated, 647 South Spring Street.

NEWS ABOUT BANKS AND BANKERS

- CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Top executive changes in the nk of Montreal were announced March 18, following the recent ath of Gordon R. Ball, President

rthur C. Jensen

G. Arnold Hart

R. D. Mulholland

nce 1952. Arthur C. Jensen, ecutive Vice-President, has en elected Chairman of the ard and Chairman of the ecutive Committee; G. Arnold art, Vice-President and general nager, has been elected Presient and Chief Executive Officer d he is succeeded as General anager by R. D. Mulholland, puty General Manager.

Mr. Jensen, a Newfoundlander, s been Executive Vice-President nce Jan. 1, 1957, and was Genal Manager from 1952. Earlier, held a series of appointments the Bank's head office, Monal, including terms as an sistant General Manager and a perintendent. Early in his reer, which began in Montreal 1914, he served in London and w York.

Mr. Hart was elected a Viceesident last December and had en General Manager since Jan. 1957. Earlier, he was Deputy eneral Manager, an Assistant eneral Manager, an agent at the nk's New York office, manager the Bank's main Edmonton of-e, an Assistant Superintendent Alberta branches at Calgary, d Secretary to the President.

Mr. Mulholland has been Deputy eneral Manager since last June d was an Assistant General anager at Toronto and Montreal om 1954.

His career with the Bank began Peterborough, Ont., in 1923.

* * *

he First National City Bank New York has appointed Rich-M. Henry resident Vice-Presnt in the Philippines. Mr. nry has been Manager of the nch at Manila. As resident e-President he will be in rge of all four branches and ices which the bank operates the Philippine Islands.

he bank also announced the pointment of Carelton M. Stew-, Jr., to Assistant Vice-Presint. He will be associated with pervision of the Philippines at d office in New York City.

Other appointments included se of Leonard A. Back and lbur B. Ganun to Assistant shier in the bank's operating ision.

First National City Bank also nounces the opening of its second branch in Montevideo, Uruguay, on March 11.

The new branch will be called the Pocitos Branch since it is situated in that growing residential section of Montevideo at Avenida Brazil 2570. It is equipped to handle the usual banking transactions.

The bank has operated continuously in Montevideo since Aug. 2, 1915, when its first branch there was opened for business.

With the new Pocitos Branch, First National City now operates 76 branches, offices and affiliates overseas, including 52 branches in Latin America.

* * *

The First National City Bank of New York announced on March 17 its decision to include in the plans for its new building at 399 Park Avenue—to be completed in 1961 —provision for an uptown executive headquarters of the Bank. Officers in charge of uptown accounts now carried at Head Office, and of out-of-town and overseas business, will be located for the most part at the new address. Downtown executive headquarters will remain in the Bank's historic building at 55 Wall Street, which will also continue to be the legal Head Office as set forth in the Articles of Association.

First National City Trust Company will similarly establish an uptown executive headquarters in the new building.

* * *

Daniel G. Amend, Assistant Vice-President of the **First National City Bank of New York,** died on March 15 at the age of 44.

* * *

The appointment of Mrs. Edith Schmidt Westman as an Assistant Secretary of **Manufacturers Trust Company, New York,** is announced by Horace C. Flanigan, Chairman of the Board.

Mrs. Westman joined Manufacturers Trust Company as a stenographer. In 1955 she was assigned to the personnel department as an exit interviewer and counselor. She was appointed an Assistant Manager in 1956. At present, she is in charge of the personnel relations division of the personnel department.

* * *

Mr. Flanigan also announced the appointments of Frank H. Wimpenny as an Assistant Vice-President and George G. H. Koehn as an Assistant Secretary of **Manufacturers Trust Company, New York** are announced by Horace C. Flanigan, Chairman of the board.

Mr. Wimpenny joined the Bank in 1937. He was appointed an Assistant Branch Manager in 1950 and an Assistant Secretary in 1954. At present, Mr. Wimpenny is assigned to the Bank's Melrose office, 360 East 149th Street, New York.

Mr. Koehn joined Manufacturers Trust Company when the Trust Company merged with **Standard National Bank** in 1942. He was appointed an Assistant Branch Manager in 1950 and a Branch Manager in 1955.

At present he is assigned to the Bank's 74th Street office located at 1429 First Avenue.

* * *

Reginald T. W. Cleave of the London office and Robert H. Blake of the Paris office of **Guaranty Trust Co., of New York,** was elected Vice-Presidents.

* * *

The Commercial Bank of North America, New York, has named Louis W. Petersen, Arnold A. Zalkin and David V. Pruschen as Assistant Vice-Presidents, it was announced by Jacob Leichtman, President.

Mr. Petersen, formerly with the **Colonial Trust Company, New York,** and **Bankers Trust Company, New York,** will serve as loan and credit officer at the main office.

Mr. Zalkin, a veteran of 34 years of banking, will be in charge of the Bronx office at 352 East 149th Street. Prior to assuming his present post he was Manager of the Bronx Hunts Point office of the **Bankers Trust Company.**

Mr. Pruschen joined Commercial Bank as Assistant Secretary in June, 1958, prior to which he served with the **Manufacturers Trust Company, New York.** He will be a loan officer and credit supervisor at the bank's main office.

* * *

A proposal that would lead to the merger of **The Bank of Savings in the City of New York** and the **Union Square Savings Bank** is being presented to the Boards of Trustees of the two banks for action at special meetings later this month, it was announced jointly by Alfred S. Mills, President of The Bank for Savings and R. H. Brownell, President of Union Square Savings Bank.

The merged institution, under the proposal, would be known as The Bank for Savings in the City of New York, carrying on the name of New York State's first mutual savings bank, founded in 1819. The Union Square Savings Bank was founded in 1848.

* * *

John B. Madden has been elected a Trustee of **Brooklyn Savings Bank, Brooklyn, N. Y.**

* * *

John W. Hooper, President of **The Lincoln Savings Bank, Brooklyn, N. Y.,** announced the election of Walter Oberstebrink to the board of trustees of The Lincoln, at its annual meeting.

At the same meeting, Martin Alduino, Assistant Vice-President of The Lincoln, was elevated to the post of Vice-President and Manager of the new Williamsburg office.

An Assistant Manager since 1943 and an Assistant Vice-President since 1955, he has been associated with the Williamsburg office for more than 30 years.

* * *

George Loring Hubbell, Chairman of the Board of **Long Island Trust Company, Garden City, New York,** died at the age of 93, March 13, 1959.

In 1923, Mr. Hubbell organized the **Garden City Bank** (now Long Island Trust Company) and served as its President until January 1951, at which time he became Chairman of the board.

* * *

Paul Davenport and John A. Dings of **The County Trust Co., White Plains, N. Y.** were promoted to Vice-President and Assistant Treasurer, respectively, Dr. Joseph E. Hughes, Chairman, announced.

Mr. Davenport, who is in charge of the bank's office at 2 Gramatan Avenue, Mount Vernon, was formerly an Assistant Vice-President. Mr. Dings is in charge of the Briarcliff Manor office.

Gomer D. Reese, Jr., Assistant Secretary in charge of **The County Trust Co.'s** drive-in office at 2195 Central Park Avenue, Yonkers, March 15 completed 25 years of service.

Formerly associated with the bank's Scarsdale office, Mr. Reese has been in his present assignment since 1957.

* * *

Three new officers have been elected at **National Bank of Westchester, White Plains, N. Y.,** according to an announcement by Harold J. Marshall, President.

Oscar Nittel, formerly Chief Accountant of the Bank, has been named Assistant Controller.

Dwight Carter, Jr. has been appointed to the position of Assistant Trust Officer. Mr. Carter served with the **New Rochelle Trust Co., New York** as Commercial Teller, before its consolidation into **National Bank of Westchester.** After the merger in 1953, Mr. Carter moved to the Mortgage Department in the capacity of Mortgage Servicing Supervisor. On May 20, 1957 Mr. Carter was appointed Estate Planner in the Bank's Trust Department.

Prior to joining the staff of NBW, Mr. Carter was with the **Industrial Bank of Commerce, N. Y.**

George Wesley, new business representative in the Instalment Loan Department, New Rochelle has been named Assistant Cashier. Mr. Wesley joined NBW in May 1955.

* * *

National Community Bank of Rutherford, Rutherford, N. J. with common stock of $2,000,000; and **The Ridgefield National Bank, Ridgefield, N. J.,** with common stock of $550,000, have merged.

* * *

The York County National Bank, York, Pa., with common stock of $1,000,000, and **The Western National Bank of York, York, Pa.,** with common stock of $600,000, and **The Farmers and Merchants National Bank of Red Lion, Red Lion, Pa.,** with common stock of $225,000, merged, effective as of the close of business Feb. 28. The consolidation was effected under the charter of The York County National Bank and under the title **National Bank of York County.**

* * *

Monroe County National Bank of East Stroudsburg, East Stroudsburg, Pennsylvania, with common stock of $150,000, was merged with and into **Stroudsburg Security Trust Company, Stroudsburg, Pennsylvania,** under the charter of the latter and under the title **Monroe Security Bank and Trust Company,** effective as of the close of business Jan. 23.

* * *

The common capital stock of **The Kutztown National Bank,** Kutzstown, Pa., was increased from $150,000 to $300,000 by a stock dividend, and from $300,000 to $350,000 by the sale of new stock, effective March 4. (Number of shares outstanding: 35,00 shares, par value 10.)

* * *

Western Pennsylvania National Bank, McKeesport, Pa., announces the appointment of Fred H. Branditz of McKeesport as Assistant Vice-President, operations.

Mr. Branditz will assist Charles W. Metcalf, Vice-President and Cashier, and will specialize in the Bank's automation and "electronic banking" program.

* * *

State-Planters Bank of Commerce and Trusts, Richmond, Va. and **The Citizens National Bank, Petersburg, Va.,** merged under charter and title of State-Planters Bank of Commerce and Trusts. The former main office and branches of The Citizens National Bank will be operated as branches by the continuing bank.

* * *

Merger certificate was issued approving and making effective, as of the close of business Feb. 28, the merger of **The North American Bank Company, Cleveland, Ohio,** with common stock of $600,000, into **Central National Bank of Cleveland, Cleveland, Ohio,** with common stock of $16,400,000. The merger was effected under the charter and title of Central National Bank of Cleveland.

* * *

The Oberlin Savings Bank Company, Oberlin, Ohio, consolidated with **The Kipton Bank Company, Kipton, Ohio,** under title of The Oberlin Savings Bank Company. A branch was established in the former location of The Kipton Bank Company.

* * *

The common capital stock of **The Illinois National Bank of Springfield, Ill.** was increased from $1,000,000 to $1,100,000 by a stock dividend, and from $1,100,000 to $1,200,000 by the sale of new stock, effective March 4. (Number of shares outstanding: 120,000 shares, par value $10.)

* * *

William A. Mayberry has been elected Chairman and Chief Executive Officer of **Manufacturers National Bank of Detroit, Mich.** He will be succeeded by Arthur J. Fushman, formerly Executive Vice-President. Mr. Mayberry was President.

* * *

The Berrien Springs State Bank, Berrien Springs, Mich., and **First National Bank of Niles, Niles, Mich.,** consolidated under charter and title of First National Bank of Niles. A branch was established in the former location of The Berrien Springs State Bank.

* * *

The common capital stock of **The First National Bank in Little Rock., Ark.,** was increased from $750,000 to $1,000,000 by a stock dividend, and from $1,000,000 to $1,250,000 by the sale of new stock, effective March 2. (Number of shares outstanding: 125,000 shares, par value $10.)

* * *

M. Moss Alexander, Jr., was elected to membership on the Board of Directors of **First National Bank in St. Louis, Mo.** on March 17 according to William A. McDonnell, Chairman of the Bank's Board of Directors.

Mr. Alexander will succeed his father, the late M. Moss Alexander, who was Chairman of the Board until the time of his death on Feb. 26, 1959.

* * *

Robert Hanes, 68, officer of the **Wachovia Bank and Trust Co., North Carolina,** died March 10.

* * *

The First National Bank of Midland, Texas increased its common capital stock from $2,000,000 to $2,500,000 by a stock dividend, effective March 3. (Number of shares outstanding: 25,000 shares, par value $100.)

* * *

The common capital stock of **Houston National Bank, Houston, Texas** was increased from $1,675,000 to $2,000,000 by the sale of new stock, effective March 4. (Number of shares outstanding: 200,000 shares, par value $10.)

* * *

Election of Mason E. Mitchell as an Assistant Vice-President of the **Republic National Bank of Dallas, Texas** was announced by Fred F. Florence, Chairman of the Executive Committee, and James W. Aston, President of the Bank.

Mr. Mitchell, a former Vice-President with the **First National Bank and Trust Company, Tulsa, Okla.,** joined the staff of that Bank in 1948. He was elected an Assistant Cashier in 1954, and Assistant Vice-President in 1956, and a Vice-President in 1958.

* * *

A banking career of more than 40 years, highlighted with national honors in the appraisal field, draws to a close this month for **Bank of America's** Vice-President and Chief Appraiser Edwin J. Launer.

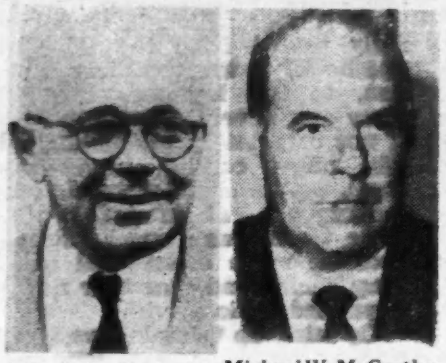
In 1915 he took his first job in a southern California Bank. Two years later he joined Bank of America and became identified with all phases of branch commercial and credit activity as well as holding supervisory administrative positions.

In 1939 he established the Southern Division Appraisal department at the bank's Los Angeles headquarters. In 1946 he was named Vice-President and came to San Francisco to be in charge of the Bank's statewide appraisal activities.

Merrill Lynch's Annual Report Voices Optimism About the Future

Annual report for Wall Street's largest and recently incorporated investment firm repeats 1943 optimistic forecast for the future. Noting that we sometimes forget the startling pace of progress, the joint report of Messrs. Smith and McCarthy suggest we not underestimate our potential.

The annual report of Merrill Lynch, Pierce, Fenner & Smith Inc., authored by board Chairman Winthrop H. Smith and President



Winthrop H. Smith Michael W. McCarthy

Michael W. McCarthy, praises the wider public interest in securities, castigates misleading and fraudulent practices, and reflects optimism about opportunities in research, production, international trade and finance.

The nation's largest investment firm changed from a partnership to a corporation on Jan. 12, 1959.

The two investment bankers, in discussing investment-minded America, point out that "the rise in our business directly reflects the substantial growth of public interest in investments. . . . We are frequently asked the reason for this surge of public interest in securities. We do not think there is one reason but rather a combination of several basic trends.

"*The First* is the continued population and economic growth of our country. For the past six decades this economic growth has averaged 3% a year despite depressions and world wars. Despite the well-publicized 1957-58 recession, industrial production has now recovered to almost the all-time peak and most economists predict new records are soon to come.

"Of even more significance to us is the remarkable confidence and resilience displayed by the U. S. consumer. During the recent recession, he confounded the experts by pushing his spending to a new high.

"*The Second* is the huge capital investment by American industry in new plants, new processes and research for still newer things. Since the end of World War II American industry has invested a titanic one-third a trillion dollars in new plants. The pace has slowed somewhat but it is still $30 billion a year. Much of this money was supplied by individual investors.

"*The Third* factor behind increased public interest in securities is the decisive manner in which U. S. businessmen have combined long-term growth with ingenious ideas to produce rising corporate earnings and dividends. We think it significant that during the last recession American business leaders demonstrated the same confidence as the American consumer—although corporate profits were down sharply dividend payments were at near-record levels.

"*The Fourth* factor is rising public awareness of inflation. To a degree, the purchasing power of the U. S. dollar has been declining for half a century. Based on figures of the U. S. Department of Labor, the 100-cent dollar of 1913 is now worth 34 cents. Only in recent years has the average citizen awakened to the cut of inflation. Both in classic theory and actual practice, common stocks are one method of preserving the purchasing power of individual savings.

"*The Fifth* reason for the wider interest in securities is the public education programs which have been going on for years. One of the fundamental policies of our company has always been 'a broad program of public education, explaining what it means to invest and how to go about it.'

"The combination of these things has created the largest number of shareholders in U. S. history. The total is estimated at 10,500,000 or about double ten years ago. Their activity during the past year resulted in the largest volume of trading on the New York Stock Exchange in 30 years and the fourth largest total in U. S. history.

"Volume of trading, however, in relation to shares listed is still at a modest level—in fact, the 'turnover ratio' of 15% was lower in 1958 than in 47 of the 57 preceding years in this Century. Meanwhile stock prices as measured by the popular averages have risen to epic peaks.

A Time for Thought

"Yesteryear and tomorrow, one of our company's main credos is 'Investigate—Then Invest.' In the current year of financial exuberance we think this action should be emphasized anew.

"Apart from the high price level of many common stocks, both individual and institutional investors must consider an unusual situation—excellent bonds yield more than many common stocks. As our accounting period ended, top quality corporate bonds yielded about 4.1% whereas common stocks were almost a full percentage point lower. In addition about a dozen U. S. Government bonds yielded over 4%.

"These days many people are carefully watching the securities market. In August and again in October the Federal Reserve Board raised margin requirements to a level unmatched except right after World War II when the Government sought to curb inflation.

"There are several other facets of our business which cause us to ponder. One is the rash of tips and rumors which frequently trap the unwary or neophyte investor.

"The rumor factories have been working so hard the President of the nation's second largest stock exchange recently declared: 'Ways and means must be developed to curb the effect of the wide dissemination of unconfirmed rumors.' For our own part we have always done our best to carefully check all facts and figures before releasing them to our customers.

"Another disturbing thing is the crescendo of infationary language in many financial ads. We feel that some of the current trends in financial advertising should be tempered with caution and conservatism.

"Lastly we deplore the increase in fraudulent stock promotion, usually in 'penny stocks.' This is generally known as a 'boiler-room' operation. The American public loses tens of millions each year on phony stocks.

"In 1954 we issued public notice that we would no longer handle buy orders in so-called 'penny stocks.' Now and then, of course, a penny stock turns into a bonanza but this is a rarity.

"We are still against uninformed speculation in penny stocks. And again we would like to suggest to investors: (1) know your securities salesman and the firm he represents; (2) 'Investigate—Then Invest.' We are glad to learn that the SEC and many state agencies have received additional funds to combat fraud in the securities business. This is taxpayer money well spent."

Continued from first page

As We See It

One sometimes wonders how confused and confusing councils of this sort can grow to be.

What Are "Administered Prices"?

In current dogma "administered prices" are simply prices which do not respond readily or quickly to conditions which under other circumstances would cause them to fall. Large sections of industry today, so the reasoning runs, consist of a relatively few very large corporations which are able to hold out against price depressing influences and do so. In fact, so it is added, prices have of late been rising in the face of depressed demand. Neither do restrictive credit policies succeed in preventing higher prices according to this theory. In these circumstances careful and prudent fiscal policies likewise are, we are told, no assurance of avoidance of inflation. This type of argument usually runs fairly quickly to suggestions that what is needed, or what may be necessary in any event, is some form of governmental price control.

It is only in quite recent months that any one in Washington has had the hardihood to apply this reasoning to the situation that exists today in the field of wage determination. But, of course, the parallelism between the conditions said to exist in certain large industries and that actually and obviously existing in the ranks of organized labor is too clear and too conspicuous to escape notice and, ultimately, recognition by the authorities. Such notice and such recognition it is now getting, fortunately, but unfortunately in all too many instances current thought slips off the track in ferreting out the basic causes and formulating corrective procedures. We even hear suggestions—though we doubt if they are to be taken seriously for purely political reasons—that wage controls may presently prove necessary.

Now what this all comes down to is an assertion that where competition does not exist, or where it is not adequate, the natural forces of classical economic theory, fiscal prudence on the part of government, and sound credit policies are all likely to fail to make prices or wages responsive to changed or changing economic conditions. Of course, this is obviously true and has been so recognized since men began seriously to study the principles of economics. The trouble with current reasoning is found in the remedies to which arguments lead. It would appear to be plain as a pikestaff that if want of adequate competition is the root of the trouble, then the remedy is a restoration of competition. It is, of course, because no one in public life is much inclined to offend the powerful unions with any program that would deprive them of their monopoly position that there is so much quibbling about the matter so far as wages are concerned.

A Real Lack of Competition?

As to large sections of industry, such as the steel industry and the motor manufacturers so often mentioned in this connection, lack of competition does not seem to us to be a foregone conclusion by any means. The Federal Government has been operating a sort of trust busting program for some time past, but it requires more credulity that we can summon to feel any great confidence that the ends sought will be reached in any such manner as this. It is, of course, obvious that the sort of constant, minute by minute competitive fixing of prices envisaged by the classical economist does not and could not well exist in modern industry. We, for our part, are not prepared, however, to say that either the steel industry or the motor industry, could for very long withstand the sort of price pressure that the consuming public could bring to bear—provided, of course, that demands from the public could be met within irreducible cost limits.

The fact is, or so it seems to us, that the American consumer has lost price consciousness in substantial degree. Inflationary practices of the past, preachings of public officials in some instances, and a number of established practices on the part of the government are chiefly responsible. The exceptional demand for the cheaper foreign automobiles which appears to persist, and the demand for lower priced vehicles of domestic make (which is said to have led domestic manufacturers to plan further production of them) seem to suggest that the frugal impulses of our forefathers are beginning to re-awaken in the American mind. But by and large for a number of years, not price but glamor seems to have been the key to large sales by motor manufacturers. Various forms of price fixing formally legalized of late years and governmental policies which seemed to teach that interference with normal competitive processes at various points was in the economic interest of the country could not fail to have their effect.

Here is a general situation to which the public would do well to give some very serious thought, but it may be taken for granted that arbitrary controls are not the answer.

Continued from first page

The Sky Does Not Limit The Future of Electronics

—let's say it—luck. Technical knowledge is certainly necessary but it is not all.

Therefore, of necessity, the investment manager in this area must look at what is essentially the "by-product" of this science of Electronics; in short its applications, or what some have come to consider the *industry* of Electronics. In such terms we can measure tangible evidence of its growth and project, within reasonably based expectations, its future.

Sees Total Electronics Up for 1959

The broad product lines that come under the heading of Electronics and the extensive demand factors for its output require immediately a segregation of the markets so as to comprehend the significance of what we are dealing with. This, in essence, is what comprises the Electronics *industry*, whose growth rate in 1958 subsided temporarily due to lowered demand for consumer products, particularly radio and television sets, and the stretch-out of military requirements.

We believe that a more favorable economic atmosphere which has prevailed since April, 1958, has resulted in an improving phase of electronics demand in the consumer area, with the gap between results in 1957 and 1959 tending to be closed. Total factory sales of electronic products for all segments of this field in 1958 was $7.9 billion, compared with the previous all-time high of $7.8 billion in 1957. The demand from the military, coupled with higher disposable income—the main ingredient in consumer product purchasing — could push the 1959 grand total to another new high of approximately $8.6 billion.

Examines Military Segment

Military requirements have been the dominant factor in the field of Electronics, with output totaling a record $4.1 billion in 1958, against $3.9 billion in 1957. This high will not last the year out, since the acceleration in the guided missile field this year will undoubtedly propel the figure to the area of $4.4 billion by the end of 1959.

Following the military in significance is the commercial and industrial section of Electronics, which advanced to slightly under $1.4 billion in 1958 from $1.3 billion in 1957. In this category fall such important products as computers and industrial controls, both of which should evidence outstanding growth because of two economic pressures importantly impinging on the demand side of the equation. These are rising wage rates, which require an offset in increased labor efficiency and productivity; and a strong and almost imperative need by industry and commerce for the services of data processing equipment. The important place that products in this group have already attained should result in a sharp expansion in 1959, and a target figure of $1.5 billion appears a reasonable expection.

The entertainment, or household, segment of Electronics is third in line of importance from a long-range viewpoint. Production in 1958 declined to $1.6 billion from $1.7 billion in 1957. The 1959 year has started on a much improved base compared with 1958, and there appears strong indications that the current year will see the consumer segment returning to the 1957 level.

Radio-TV Outlook

Production of television sets should be in the vicinity of 6.0 million units in 1959, against 5.2 million units in 1958 and the 6.4 million output in 1957. The saturation of the market in high-density population areas may hold down first-set demand, but the higher level of personal expenditures should have a stimulating effect on the second-set buyer. The color TV market shows signs of moderate improvement in set output, but, until lower-priced sets are available the demand factor probably will be slow. The picture tube is the heart of the color set and there are a number of developments under way that could have a significant effect on this market in 1959.

Radio set production dropped quite sharply in 1958, largely as the result of lowered requirements from the automobile industry. Over-all output in that year was 12.2 million units, compared with 15.4 million units in 1957. An increase to 14.0 million units appears reasonable for 1959, particularly since the appeal of high-fidelity has turned public demand strongly to FM radio sets.

The hi-fi appeal has been so strong that even the hesitation in the economy in 1958 did not halt the forward surge of stereophonic and hi-fi apparatus. A careful survey shows that, at the retail level, about $500 million of such equipment was sold in 1958, up from approximately $400 million in 1957. This trend may be expected to continue in 1959, and an advance of some 25% in hi-fi sales appears to be reasonably assured this year.

The fourth segment of Electronics comprises the component division, which had a sharp letdown in 1958 with estimated output at $860 million, compared with $900 million in 1957. The only part of the component segment that resisted the downward pressure was made up of solid-state devices. This is the area of transistors, diodes and similar miniaturized devices that have been fast replacing older and larger-sized parts. Component demand in 1959 is expected to recover to approximately $1 billion, with operations during the year enjoying the most favorable climate in the past three years.

Spectacular Growth

The spectacular growth of the solid-state devices shows no sign of diminishing and a reasonable output of 70 million units may be expected in 1959, a rise from 47.5 million in 1958, and an even sharper advance over the 28.7 million units produced in 1957. The upward momentum in this remarkable growth is being strengthened by the rapid conversion of computer circuits to transistors and this process should accelerate as the year progresses. Increase in radio demand, particularly in the portable field, will add to the demand for transistors and intensive efforts are under way to transistorize the television set. This may be accomplished in early 1960, thereby adding a new stimulus to the market for television sets.

Certain sections within the larger categories making up the Electronics field will receive the greatest impetus in 1959. These include transistors; computers; industrial controls; stereophonic products; and communication equipment, covering single sideband transmitters and receivers and air traffic control apparatus.

As we glance into the "Tomorrow Land" of Electronics, we see many things which have not yet fully passed from the scientist's notebook, or the technician's jargon, to the layman's language. They are, nevertheless, important, if not completely understandable. The offset carrier, single sideband, split channel, and other techniques — which today mean little to the man on the street—promise more economical use of frequencies and more for new or expanded radio services.

Opening up the microwave portion of the electro-magnetic spectrum — which encompasses all waves and rays — for beaming communication from one point to another is furnishing new voice and telegraph channels, teletype, facsimile, relay and remote-control opportunities for common carriers, broadcasters, public agencies, industry, and other businesses.

Further, tropospheric and ionospheric scatter offer the prospect of international communication, including television. This involves using these upper layers of the atmosphere to reflect transmissions far beyond the horizon. And, finally, bouncing radio signals off the moon and receiving emissions from manlaunched satellites circling the globe heighten speculation as to radio communication in an era of space platforms and interplanetary travel.

It may be said, without fear of contradiction, that as far as the progress of Electronics is concerned, the sky most assuredly is *not* the limit.

"Pat" Boone Joins Advisory Board of Townsend Fund

The appointment of Charles Eugene "Pat" Boone of TV, records, movies and most recently a best-selling author, to the advisory board of Townsend U. S. & International Growth Fund, has been announced by Clinton Davidson, Chairman of the board. Mr. Davidson said, "Although young in years, the highly successful Boone has shown such a degree of business judgment that his youthful viewpoint will be a great asset to the board and our shareholders."

Pat Boone

Last year, when he was graduated from Columbia University magna cum laude, being at the top 5% of his class, he also held top TV ratings for his half hour show. In addition, he was No. 1 in recording sales and also No. 3 box office attraction in movie theaters.

Federal Securities Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Wilbert L. Armstrong, Gerrie Baker, John Doll, Harry R. Ellis, Roderick C. M. Hall, James N. Johnson and Faye McDonald are now connected with Federal Securities Corporation, 7805 Sunset Boulevard.

Public Utility Securities

By OWEN ELY

Central Illinois Public Service Co.

Central Illinois Public Service serves electricity and gas to a population of approximately 650,000 in central and southern Illinois. The areas served are located in 61 counties, the largest cities including Quincy (41,450), Mattoon (17,547), Canton (11,927), Macomb (10,592) and Paris (9,460), The company also furnishes natural gas service to 21 communities, and propane-air gas to one community. Natural gas is purchased from Panhandle Eastern Pipe Line Company and Trunkline Gas Company.

Economic activities in the areas served include farming, coal mining, oil production and refining, petro-chemicals and a wide variety of smaller industries. Total revenues for the 12 months ended October 31, 1958 were $54,237,161, of which about 89% was derived from electricity and the remainder from gas. Electric revenues were obtained approximately as follows: 36% from residential customers, 30% from large light and power customers, 22% from commercial and small power customers, and 12% miscellaneous. Sales to petroleum and related industries, and to the coal mining industry, contributed about 11% and 7%, respectively.

The company issued a bulletin in 1958 "Concerning Selected Commercial, Industrial and Governmental Customers," which indicates the large number of diversified commercial and industrial accounts served. It also issues frequent releases describing new industrial developments in its area.

The company has shown better than average growth, revenues having increased from less than $20 million in 1946 to $54 million recently. In 1958 revenues increased about 3% despite the industrial recession in the first half of the year.

Generating capability of the company's plants aggregates 572,000 kw. The company is constructing an additional unit in its Meredosia Station with a nameplate rating of 200,000 kw, scheduled to be placed in operation in the summer of 1960.

The construction program for 1958 approximated $19 million, a new 100,000 kw generating unit at the Grand Tower Station being placed in operation in March. The construction expenditures for 1959 are estimated at about $23 million and for 1960 at about $22.5 million. Peak load in 1958 (up to Dec. 9), was 505,000 kw. At that time the company genrated 555,000 kw and received 55,000 kw from Electric Energy, Inc., so that in addition to meeting its own needs it was able to supply 105,000 kw of interchange power to Illinois Power and Union Electric (with which it is interconnected). During 1958 the company bought (on a net basis) about 7% of its kwh output.

To provide construction funds and repay bank loans, the company in March 1958 sold $15 million bonds and in Jan. 1959 $12 million bonds. The last equity financing was in Oct. 1956. Capitalization as of Oct. 31, 1958, pro forma for the issuance of bonds in Jan. 1959, was about as follows:

Long-Term Debt	$103	53%
Preferred Stock	25	13
Common Stock Equity (3,464,000 shs.)	67	34
Total	$195	100%

The common stock record of "CIPS" has been as follows since the stock came into the hands of the public in 1948:

	Earned	Dividends	Approx. Price Range
1958	$2.57	$1.68	43–32
1957	2.48	1.60	32–27
1956	2.29	1.60	35–28
1955	2.41	1.35	31–24
1954	1.93	1.20	26–20
1953	1.44	1.20	21–18
1952	1.51	1.20	21–18
1951	1.45	1.20	18–16
1950	1.71	1.20	19–14
1949	1.55	1.20	17–14
1948	1.75	1.05	15–12
1947	1.68	1.00	——
1946	1.30	——	——

In the 12 months ended Jan. 31, 1959, share earnings were $2.58 vs. $2.51 in previous 12 months, despite the industrial recession in the first half of 1958, as well as a dip in the credit for interest on construction. Unless there is a substantial change in the economic picture, it appears logical to expect a continued moderate uptrend in share earnings through 1961 (subject to irregularity due to possible equity financing), in view of continued industrial expansion in the company's area, together with the improved condition of the coal mining industry.

The stock has been selling recently on the New York Stock Exchange around 42 (range this year about 44–40). With the increased dividend rate of $1.76, the yield is 4.2%. The price-earnings ratio is about 16.3 which compares with industry average of over 18.

Mutual Investors Formed

NEW HAVEN, Conn.—David E. Rosenthal is conducting a securities business from offices at 1195 Chapel Street under the firm name of Mutual Investors.

Commonwealth Branch

CLEVELAND, Ohio—Commonwealth Securities Corporation has opened a branch office in the Hanna Building under the direction of Charles Sanborn.

First Pacific Equities

PORTLAND, Oreg. — First Pacific Equities Corporation is engaging in a securities business from offices in the American Bank Building. Officers are Roland A. Roeske, President and Treasurer, and G. Martin Blakely, Vice-President and Secretary.

Gilcrest Director

DENVER, Colo.—Major General J. R. Gilchrist, Administrative Vice-President of FIF Management Corporation and FIF Associates, Inc. has been elected a director of both companies, according to a recent announcement by President, Charles F. Smith.

Fundamentals of Investment Banking—To Be Four-Week Program This Year

WASHINGTON, D. C.—Fundamentals of Investment Banking, a course for trainees inaugurated in 1946 by the Investment Bankers Association of America, will for the first time be offered as a concentrated four-week classroom program this summer, Aug. 9 to Sept. 4, it was announced by William D. Kerr, Partner, Bacon, Whipple and Co., Chicago, President of the Association.

Originally offered as a classroom course by IBA Groups in cooperation with universities throughout the country, the program has also been available since 1951 on a home-study basis through The University of Chicago.

At least once each year since 1946, the Education Committee of the Central States Group of the IBA in cooperation with Northwestern University has offered this program on a 17-week basis with six class hours a week.

The concentrated 1959 summer program will be identical in content with this 17-week Central States Group course. Trainees will be quartered in modern dormitories on the Evanston Campus of Northwestern and meals will be served in a closely adjacent University dining room. The 25 to 30 hours of classroom attendance each week will be supplemented by readings and problem assignments. Professors Bion B. Howard, Harry G. Guthmann, and Loring C. Farwell, all of the Finance Department at Northwestern will teach the course. Instruction by the University faculty will be supplemented with addresses given by investment bankers drawn from the various specialized fields of the securities business.

Enrollment will be limited to 50. The tuition is $475 for each registrant. This sum covers all costs — instruction, room, meals, text materials and notebooks. Application should reach the Washington office of the IBA on or before April 6, at which time places will be allotted.

This summer program, according to Robert O. Shepard, Prescott, Shepard and Co., Inc., Cleveland, Chairman of the IBA Education Committee, will make a classroom program feasible for trainees of IBA members located in all sections of the country.

While designed primarily for investment banking trainees, satisfactory completion of this course will be accepted by the New York Stock Exchange in partial satisfaction of the requirements necessary to qualify individuals as registered representatives.

An announcement folder and additional information about the course may be obtained from Erwin W. Boehmler, Educational Director, Investment Bankers Association of America, 425 Thirteenth Street, N. W., Washington 4, D. C.

Named Director

Bartlett Pinkham, an associate of Allen & Co., was elected to the Board of Directors of United Asbestos Corporation, Ltd., it has been announced today by A. B. Davidson, President.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Lyle G. Eade has become affiliated with Walston & Co., Inc., 595 East Colorado Street. He was formerly with Daniel Reeves & Co.

Massachusetts Investors Trust Honors 200,000th Shareholder

An engraved Paul Revere Bowl is presented to Gleeson (Tige) Payne of Pasadena, Calif., 200,000th shareholder of Massachusetts Investors Trust, by Dwight P. Robinson, Jr., Chairman of Trustees (left). Looking on are John A. Carter, Jr., resident partner, Vance, Sanders & Co., national distributors for MIT shares (second left) and John E. Cameron of William R. Staats & Co., pioneer California investment firm (right).

LOS ANGELES, Calif. — Massachusetts Investors Trust, the nation's oldest and largest mutual fund, March 12 announced that it had reached the 200,000 shareholder mark, placing it among 12 other companies in the nation with this many shareholders.

An engraved silver Paul Revere Bowl was presented to Gleeson (Tige) Payne, the 200,000th shareholder and a prominent Pasadena insurance broker, by Dwight P. Robinson, Jr., Chairman of Trustees at a luncheon at the California Club.

Sale of the shares of the Trust to Mr. Payne was made by John Cameron of William R. Staats & Co., pioneer California investment firm, through its Pasadena office. Mr. Payne said he planned to use his investment in Massachusetts Investors Trust as an educational fund for his children.

Mr. Robinson noted that MIT is marking its 35th anniversary this year. The Trust, which was organized in Boston in 1924, has shareholders in all 49 states and in 65 different American territories and foreign countries.

Introducing Mr. Robinson to those present at the luncheon was John A. Carter, Jr., resident partner in the firm of Vance, Sanders & Company, national distributor for MIT shares.

Former SEC Chairman Cites "No Sales" Securities Rule as "Patently Invalid"

Recalling early SEC history, Mr. Armstrong states "Sale" of a security was excluded from mergers, consolidations and sale of assets in exchange for securities. He suggests any changes made be done by Congress and not by SEC interpretation. Mr. Lane, former SEC counsel, defends the rule amendment proposed by SEC as "a good one."

J. Sinclair Armstrong, former Chairman of the Securities and Exchange Commission, said recently the SEC is usurping powers of Congress in its interpretation of a rule governing registration of securities in mergers and consolidations.

J. Sinclair Armstrong

Mr. Armstrong told a group of lawyers and financial experts that met in Chicago, Ill., that the controversial "No Sale" rule is "Patently Invalid as a matter of statutory interpretation."

He said the SEC should seek a Congressional amendment to eliminate loopholes in the law rather than attempt to change the rule by an interpretive order.

"It is for Congress to legislate," Mr. Armstrong said.

"It's just not a good thing in the development of law to have administrative agencies changing legislation established by law."

Mr. Armstrong, now an Executive Vice-President of United States Trust Co. of New York, addressed an afternoon session of a briefing conference on securities laws and regulations.

The conference was sponsored by the Federal Bar Association—an organization of Federal judges and lawyers who are or have been employed by the Federal Government—and the Bureau of National Affairs, a private organization which publishes legal, labor and economic information.

Chester T. Lane, former General Counsel of the SEC and a partner in the law firm of Beer, Richards, Lane, Haller and Buttenwieser, also spoke at the session.

Mr. Lane defended the rule amendment proposed by the SEC as "a good one" and said "I'd like to see it adopted." He said he felt it would be unwise and unsound to abolish the "No Sale" rule altogether. And he said that the "case-by-case" approach of the SEC to merger and consolidation transactions in the last two years has created "an unhealthy situation."

Mr Armstrong recalled that, under the Securities Act of 1933, sale of stock in publicly held companies had to be registered with the SEC.

Early in the Commission's history, he said, a question arose as to whether the registration requirements of the Securities Act were to be applied to mergers, consolidations, and sales of assets by one company for securities of another company.

The SEC at that time evolved the concept that such mergers, consolidations and sales of assets in exchange for securities did not involve "Sale" of a security.

"This theory and rule disposed of many serious practical and legal problems, both for the Commission and for corporations contemplating such transactions," he said.

"At the same time, however, its practical effect was to exempt, or exclude, from the registration requirements of the Securities Act a large number of cases in which securities were in fact distributed by issuers to the investing public."

Mr. Armstrong said later events forced the Commission to reconsider the soundness of this doctrine."

"For example, the Commission's opinion and order withdrawing the registration on the American Stock Exchange of the capital stock of Great Sweet Grass Oils Limited and Kroy Oils Limited describes a deliberately calculated scheme to dispose of millions of shares of highly speculative stock to the investing public without any of the disclosures which would be called for by registration, and to divert most of the proceeds to insiders rather than to productive use."

Mr. Armstrong said that in the two cases, reliance on the "No Sale" rule represented "a misapplication" of the theory. But he added that the Commission's problems in dealing with the cases also pointed up the questions of whether the SEC had authority to adopt the rule in the first place and whether the rule was sound.

Mr. Armstrong said he believes today, as he stated shortly after he left the SEC Chairmanship in 1957, that the rule is not a correct interpretation of the Security Act provisions.

"The Declaration . . . that certain transactions therein specified do not involve an offer or sale seems hard to reconcile with the statutory definitions of these terms," he said.

"Rule 133 has the practical effect of adding a substantial category of transactions to those expressly exempted from the registration requirements. This is obviously unsound as a matter of statutory construction.

"The Congress did not give any power to the Commission to add to the classes of Securities exempted by the act except in the narrow area of issues the amount of which is small, and the character of the public offering of which is limited."

Mr. Armstrong said he hoped his stand would not hinder "sincere efforts of the SEC to solve difficult problems posed by this rule." He took issue, however, with the SEC's decision, announced last September, to amend the "No Sale" rule.

The Commission indicated its intention of retaining the rule in substantially the present form. But it indicated it would "clarify the applications" of the rule so that securities exempted from registration in certain mergers or consolidations would have to be registered when they are involved in subsequent transactions.

While expressing sympathy with the intentions of the SEC, Mr. Armstrong said "This is just clear legislation."

He told his audience that President Eisenhower, questioned recently about appropriations laws he did not like, said his recourse would be to go back to Congress for a change.

Mr. Armstrong said "that philosophy, I submit, an administrative agency should follow" when it wants the law changed.

"The matter should be solved by a legislative amendment," he said.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The impending Treasury financing is holding the spotlight now, although it is taken pretty much for granted that the issues which will be issued in this operation will be concerned only with the short-term sector, or the money market. In addition to a short-term issue, a certificate, there are opinions around that a maturity to run not more than 2½ years or 3 years will be in the package deal which should be offered tomorrow or the early part of next week in order to obtain about $4,000,000,000 in new funds that the Treasury will need. This kind of financing will keep the pressure on short-term rates.

The absence of a long-term obligation in the coming Treasury operation should have a favorable influence on the Government bond market. As long as the Treasury does not offer the more distant maturities in its financing, the pressure will be lessened on these securities. It might be that short-term rates will move up to levels that will be the same or higher than long-term rates, because of the Treasury financing that will be done in the short-term sector of the market.

Higher Discount Rate Taken in Stride

The money market seems to have taken the increase in the discount rate in an orderly fashion, even though it was a surprise move on the part of the monetary authorities as far as many in the financial community was concerned. The statement by one of the Governors of the Federal Reserve System in a speech a few days before the Central Bank rate was raised appeared to indicate that the powers that be, were not going to be too stringent as far as money and credit was concerned because of the sizable amount of unemployment in the country. Yet, in spite of the impression which was created by this member of the Federal Reserve Board, the discount rate was upped from 2½% to 3% a short time thereafter, just as the feeling was gaining strength in the money market that a policy of neutrality was to be followed by the monetary authorities.

Accordingly, it seems as though there are either differences of opinion among the Board of Governors of the Federal Reserve as to monetary policy or this is a perfect example of the way in which the powers that be, keep the money market off balance and guessing, by never letting it figure out what is coming next.

Not a "Punitive" Rate to Banks

It is evident that the Federal Reserve Board by going along with the increase in the bank rate is throwing its weight on the side of those that are fighting the forces of inflation, despite the unfavorable trend evident in the employment picture. The inflation psychology has been very much in the forefront for an extended period of time now, and it may be that this inflation thinking is showing signs of becoming a reality as is evidenced by the large retail purchases that are being made by the consuming public. It could be that the Federal Reserve Board took its recent action in allowing the discount rate to go up because of this and other signs, such as the booming stock market, and higher real estate values.

However, it should be borne in mind that the discount rate in this country is not a punitive rate, since eligible commercial paper held by the member banks of the system can still be discounted at the Central Banks and the proceeds can be used for other loans, without costing the deposit bank any money. As a matter of fact, a small profit would be made on such a transaction now.

However, this recent increase in the Central Bank rate does mean that the money market will be kept on the tight side and that intermittent negative reserves for the member banks of the system should be expected for the foreseeable future. This appears to be the way in which the Federal Reserve Board is going to work against the forces of inflation, that is by the indirect method which, however, can be very effective in the long run.

Treasury Must Rely on Short Borrowings

The money market, showing the effects of the higher discount rate, has moved up in yield, and there are indications that the short-term sector will continue to show an advancing trend. It is evident that the bulk of the new money and refunding issues willl have to be of the near-term variety. It would not be possible for the Treasury to go into the more distant maturities in a big way in its operations because this would push rates up so high that a change in the debt rate ceiling would have to be made for sure.

The long-term bonds, which is the capital side of the market, after going off because of the increase in the Central Bank rate, have moved up again and are showing signs of stability at levels which should hold pretty well for the foreseeable future. This depends, however, on no long-term government bonds and a light corporate calendar, such as we have been having.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—Spencer B. Hiatt and Sam Kappe have become connected with Dempsey-Tegeler & Co., 210 West Seventh Street. Mr. Hiatt was formerly with Daniel Reeves & Co.; Mr. Kappe was with Marache, Dofflemyre & Co.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Henry P. Bloem and Andrew Brichant are now with Paine, Webber, Jackson & Curtis, 626 So. Spring Street.

Joins Walston & Co. Staff

(Special to THE FINANCIAL CHRONICLE)

EUREKA, Cal.—John E. Hostetler has joined the staff of Walston & Co., Inc., 509 H. Street.

Two With J. Barth & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harold L. Messinger, Jr. and Thomas P. Miller have become affiliated with J. Barth & Co., 3323 Wilshire Blvd.

A. J. Frederick Co. Opens

BROOKLYN, N. Y.—A. J. Frederick Co. is engaging in a securities business from offices at 778 Driggs Avenue. Julius Cherny is proprietor.

Continued from page 5

Infla'ion and Welfare State-ism

cant upward trend of prices.[5] Compared with this the rate at which prices have risen during the last quarter century in these or other countries represents a major change.

Anti-Inflation Phobia

Although there are a few people who deliberately advocate a continuous upward movement of prices, the chief source of the existing inflationary bias is the general belief that deflation, the opposite of inflation, is so much more to be feared that in order to keep on the safe side, a persistent error in the direction of inflation is preferable. But as we do not know how to keep prices completely stable and can achieve stability only by correcting any small movement in either direction, the determination to avoid all deflation at any price must result in cumulative inflation. Also the fact that inflation and deflation will often be local or sectional phenomena and in this form must occur as part of the mechanism redistributing the resources of the economy, attempts to prevent any deflation affecting a major region or sector of the economy must result in overall inflation.

Inflation and Drug-Taking

It is, however, not only doubtful whether from a long run point of view deflation is more harmful than inflation. More important is that in another sense inflation is infinitely more dangerous and needs to be more carefully guarded against. Of the two opposite faults it is the one much more likely to be committed. The reason for this is that inflation is generally pleasant while it proceeds, while deflation is immediately and acutely painful.[6] To be more afraid of deflation than of inflation is like being more afraid of an excessive abstention from eating than of the effects of overeating. There is little need to take precautions against any practice, the bad effects of which will be immediately and strongly felt; but there is need for such precautions wherever action which is immediately pleasant or relieves temporary difficulties will do so at the price of a much greater harm that will be felt only later. There is indeed more than merely a superficial similarity between inflation and drug-taking with which it has often been compared.

Inflation and deflation both produce their peculiar effects by causing unexpected price changes; and both are bound to disappoint expectations twice in opposite directions. The first time is when prices prove to be higher or lower than they were expected to be and the second when, as must sooner or later be the case, these price changes come to be expected and cease to have the effect which their unforeseen occurrence has. The difference between inflation and deflation is that with the former the pleasant disappointment comes first and the reaction only later, while with deflation the first effect on business is depressing. The effects of both, however, are self-reversing. For a time the forces which bring about either tend to feed on themselves and the period during which prices move faster than expected may thus be prolonged. But unless price movements continue in the same direction at an ever accelerating rate, expectations must catch up with them. As soon as this happens, the character of the effects changes.

5 This statement is based on the index number of wholesale prices f-r the U. S.; see *Bureau* -*f Labor Statistics Chart Series*, Washingt-n, U. S. Government Printing Office, Chart E-11.

6 *Cf.*, W. R- -. Welfare, *Freedom and Inflation*, L. 1957.

"Everything Goes"

Inflation at first merely produces conditions in which more people make profits and profits are generally larger than usual. Almost everything succeeds, there are hardly any failures. The fact that profits again and again prove to be greater than had been expected and that more ventures turn out to be successful than is normally the case, produces a general atmosphere favorable to risk-taking. Even those who would have been driven out of business without the windfalls caused by the unexpected general rise in prices are enabled to hang on and to keep their employees in the expectation that they will soon share in the general prosperity. This will last, however, only until people begin to expect that prices will continue to rise at the same rate. Once they count on prices being so many per cent higher in four or eight months' time, they will bid up the prices of the factors which determine their costs to a level corresponding to the future prices they expect. If prices then in fact rise no more than had been expected, profits will return to normal and the proportion of those making a profit also will fall; and since during the period of exceptionally large profits many have held on who otherwise would have been forced to change the direction of their efforts, there will be a higher proportion than usual who will make losses.

Unexpected Rise Crucial

The stimulating effect of inflation will thus operate only so long as it has not been foreseen and as soon as it comes to be foreseen, only its continuation at an increased rate will maintain the same degree of prosperity. If in such a situation prices rose less than expected, the effect would be the same as that of unforeseen deflation. Even if they rose only as much as was generally expected, this would no longer provide the temporary stimulus but show up the whole backlog of adjustments which were postponed while the special stimulus lasted. In order that inflation should continue to have its initial stimulating effect, it would have to proceed at a rate that accelerated always faster than was foreseen.

We cannot consider here all the complications which make it impossible that the adaptations to an expected change of prices should ever become perfect, and especially that long term and short term expectations should become equally adjusted; nor can we go into the different effects on current production and on investment which are so important for a full explanation of industrial fluctuations. It is enough for our purpose to know that the stimulating effects of inflation must cease to operate unless its rate is progressively accelerated, and that as it proceeds certain unfavorable consequences of the fact that complete adaptation is impossible, become more and more important. The most important of these is that the methods of accounting on which all business decisions rest make sense only so long as the value of money is tolerably stable. With prices rising at an accelerating rate, the techniques of capital and cost accounting that provide the basis for all business planning would soon lose all meaning. Real costs, profits, or income would soon cease to be ascertainable by any conventional or generally acceptable method. And with present principles of taxation more and more would be taken in taxes as profits that in fact should be reinvested merely to maintain capital.

Inflation thus can never produce more than a temporary fillip and it will cause even this beneficial effect only so long as, and because, somebody is cheated and the expectations of some people are unnecessarily disappointed. Its stimulus is due to the errors which it produces. It is so particularly dangerous because the harmful after-effects of even small doses of inflation can be staved off only by larger doses of inflation. Once it has continued for some time, merely not accelerating it further will however create a situation in which it will be very difficult to prevent a spontaneous deflation setting in. Once the sector of activities has become large that can be maintained only by continued inflation, their simultaneous discontinuation may well produce that vicious and rightly feared process in which the decline of some incomes leads to the fall of more incomes, and so forth. From all we know it still seems probable that we should be able to prevent serious depression by preventing the inflations which regularly precede them, but that there is little we can do to cure them once they have set in. The time to worry about depressions is unfortunately when they are furthest from the mind of most people.

This manner in which inflation operates explains why it is so tempting and why it increasingly becomes so as policy concerns itself more with particular situations than with general conditions, and more with short term than with long term problems. It is regularly the easy way out of many temporary difficulties both of government and private business—the path of least resistance and sometimes also the easiest method to help the economy to get over all the obstacles government policy has placed in its way.[7] It is the inevitable result of a policy which regards all the other policy decisions as data to which the supply of money must be adapted so that the harm caused by the former will be as little noticeable as possible. In the long run, however, such a policy makes governments the captives of their own earlier decisions, often forcing their hands to measures which they know to be harmful.

It is no accident that the author whose views, perhaps mistakenly interpreted, have given more encouragement to these inflationary propensities than those of any other, is also the author of the aphorism that "in the long run we are all dead."[8] The prevalent inflationary bias is largely the result of a predominance of the short view due both to the greater difficulty of recognizing the more remote consequences of current measures and to the inevitable preoccupation of practical men and particularly politicians with the immediate problems and the achievement of near goals.

Just because inflation is psychologically and politically so much more difficult to prevent than deflation and because it is at the same time technically so much more easily prevented, the stress of the economist should be predominantly on the dangers of inflation. As soon as deflation makes itself felt, all the deliberate efforts to combat it will be aroused—indeed often when it is only a local and necessary process that should not be prevented. There is more danger that the cry of "deflation!" will go up much too early than that counter-measures will not be taken when needed. While nobody is likely to mistake local or sectional pros perity for inflation, it frequentl happens that local or sectional de pression produces demands fo wholly inappropriate monetar counter-measures.

Mechanical Rule Needed

These considerations would als seem to suggest that on balanc probably some mechanical rul corresponding to what is desirabl in the long run and ties the hanc of the authority in its short ter decisions is likely to produce better monetary policy than prin ciples which give to the author ities more power and discretic and thereby make them mor subject to the influence both political pressure and their ow overestimate of the urgency of th circumstances of the momen This, however, raises issues whic we cannot discuss here.

7 *Cf.*, my essay "Full Employment, Planning, and Inflation, *Review of the Institute of Public Affairs*, Melbourne, Victoria, IV, 1950; and F. A. Lutz, "Cost- and Demand Induced Inflation", *Banca Nazionale de Lavoro Quarterly Review* XLIV, 1958.

8 J. M. Keynes, *A Tract on Monetary Reform*, London, 1923, p. 80.

Halsey. Stuart Group Offers Equip. Tr. Ctfs

Halsey, Stuart & Co. Inc. a associates on March 13 offered issue of $4,440,000 Illinois Centr RR. 4% equipment trust certi cates, maturing semi-annual Oct. 1, 1959 to April 1, 1974, i clusive.

The certificates were priced yield from 3.60% to 4.25%, a cording to maturity. Issuance a sale of the certificates are su ject to authorization of the I terstate Commerce Commission

The issue is to be secured 700 all steel box cars, estimat to cost $5,940,000.

Associates in the offering a R. W. Pressprich & Co. and M Master Hutchinson & Co.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Notes of interest in the insurance industry would probably start with comments on the new bill in Congress aimed at prying more taxes from the life companies. Despite the strong opposition that the bill is meeting, indications are that it will pass in some form. Congress is taking the attitude that the additional revenue is needed, and also that the life companies have not been carrying their share of the tax load. We will not attempt to weigh the correctness of that contention.

The bill, which has already passed the House, would increase the tax take from the life companies by estimates running from $200,000,000 to $240,000,000. Whatever the amount, it would be spread over a large number of companies, for there are probably somewhere in the neighborhood of 1,200 life companies, a big majority of them being small. The life part of the industry has been operating on a make-shift tax plan, for which the proposed legislation will be a substitute.

* * *

From Insurance Analysts' Notebook

American Surety plans a stock dividend of 4% later in the year.

American Re-Insurance increased its cash payments from 25 cents to 30 cents quarterly.

Premium rates continue to climb. In Florida there is proposed a large boost in auto liability rates, averaging about 27%. Various revisions resulted in moderate increases in the rates on automobile lines in Maryland and Vermont.

Hartford Steam Boiler & Inspection is soon to issue a stock dividend of one new share for each three shares held. Republic of Dallas has issued a stock dividend of one new for each 13 held.

Glens Falls Insurance showed a more satisfactory report than that of 1957. There was a modest increase in volume, with earned premiums up about 3%. Statutory loss of $1,178,000 compared with $3,775,000 in 1957. The combined underwriting ratio of 101.1% was well below 1957's 103.8%. No Federal income tax was incurred on 1957 operations. There is an estimated unused carry-forward deduction of some $1,650,000 that will be applicable to future income tax liability. This of course arises from several years of bad underwriting results, and is fairly general throughout the industry, particularly when a sizable volume of automobile lines is written. Earnings were $2.02 versus 33 cents in 1957. Unrealized capital gains at Dec. 31, 1958, were $10,826,000, whereas a year earlier there was an unrealized capital loss of $3,777,000.

Hartford Fire (consolidated data) recorded a sharp increase in volume of net premiums, $37,747,000, or 9.7%. There was a statutory underwriting loss of $1,287,000, a considerable decline from the loss of $7,019,000 in 1957. Net investment income of $22,294,000 was 6.5% higher. Securities appreciation of $69,843,000 compared with a minus $20,460,000. The parent company just got into the black with an underwriting profit margin of 0.44%. It was 101.75% in 1957.

North River Insurance also got into the black on underwriting by a scant margin: a combined loss and expense ratio of 99.71% vs. 104.16% in 1957. They showed an underwriting gain of $47,349, which compares with a loss of $1,086,000 in the preceding year. There was a moderate gain in net investment income, and, North River being a relatively large holder of equities, the gain in the value of investments, $9,514,000 was hefty compared with a minus $3,357,000 in 1957. As North River has a heavy concentration of its writings in fire and allied lines, and much less in automobile casualty lines it is to be expected that it would make a better showing than the essentially casualty writers.

Rate Increases Lag

The insurance companies continue to have a hard time getting rate increases. Connecticut has just rejected a bid for higher automobile rates as "excessive and unfairly discriminatory." The Insurance Commissioner did give the carriers a possible out, as he asked their bureau to file a revised schedule.

In New York State the new Superintendent of Insurance also rejected a request for higher automobile rates. It will be recalled that the present Superintendent's predecessor had turned down a request for more realistic rates (i.e., more realistic in the light of the unreasonably high jury awards and the big increases in repair costs in the cases involving automobiles) was ordered by the New York Appellate Division to reconsider his adverse decision. The case for fairer rates in New York is not lost yet; reconsideration may result in a lesser increase than was applied for.

Join Nikko Kasai

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Kenji Nozawa, Hiroshi Kanada and Harumoto H. Katayama are now with Nikko Kasai Securities Company, 258 East First Street.

Four With Walston

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert A. Ballock, Willis E. Mathews, Hugh W. Fraser and Donald R. Clark are now affiliated with Walston & Co., Inc., 265 Montgomery Street.

Phila. Mun. Men Elect New Officers

PHILADELPHIA, Pa.—Charles E. Hoerger of Merrill Lynch, Pierce, Fenner & Smith, Inc. has been elected President of the Municipal Bond Club of Philadelphia to serve for the ensuing year. Mr. Hoerger succeeds James W. Heward of Butcher & Sherrerd, whose term expired.

Charles E. Hoerger

Other officers elected at the annual meeting and election were: Donald W. Poole of Poole & Co., Vice-President; Alexander B. Brock of Stroud & Company, Incorporated, Secretary and C. Carroll Seward of Yarnall, Biddle & Co., Treasurer.

The following were elected to the Board of Governors: James W. Heward for a one-year term; and John L. Bradbury of Dolphin & Co. and John P. Dempsey of Kidder, Peabody & Co. for two-year terms.

NY Analysts on European Field Trip

This April, 80 members of The New York Society of Security Analysts, Inc. will visit more than thirty leading European companies because of the growing interest of American investors in foreign securities. The belief that these shares may offer greater comparative value has also motivated this first hand exploration into the dynamics behind the balance sheets and earnings statements of these European concerns.

It is anticipated that the European Common Market development will result in a doubling of the national product of the participating countries by 1970. This growth potential has heightened activity in New York markets of American Depositary Receipts of foreign concerns. The ADR is a certificate which enables the American investor to own shares of foreign companies without the burden of currency exchange, registrations and tax restrictions. The Analysts will, therefore, limit their visits on this trip to European companies whose shares are either listed on the two exchanges in New York or traded through ADRs in the Over-the-Counter market.

The New York Society of Security Analysts is a professional organization of more than 2,400 members representing our leading banks, brokerage firms, insurance companies and investment funds. Top executives of the leading industrial public utility and railroad corporations in the United States speak at luncheon meetings of the Society five days a week during the year. It has been estimated that this group affects the investment of billions of dollars a year. The analyst assists American investors to determine the present and potential market value of stocks and bonds through the gathering of information and the appraisal of its prospects. In this work, he usually makes a "field trip" to the company under study, where he meets with management, inspects plants, views products and discusses future plans.

The analysts, representing some 30 financial institutions, will leave on Friday, April 3 on a K.L.M. Royal Dutch Airlines chartered plane on this first European field trip of the New York Society. During the 24 day program, the analysts will visit England, France, Italy, Germany and Holland.

Securities Salesman's Corner

By JOHN DUTTON

Small Accounts Can Bring You Business

Time is the most important asset any salesman can have. Nevertheless it is often essential in building a clientele that you devote some extra time to small accounts. Good judgment is necessary because some people are time wasters and the amount of business you receive will not be adequate to compensate for the time and energy involved.

If every salesman had a clear idea of the high operating overhead that is involved in running even a small investment firm today, he would think twice before he wasted his time, and that of his firm, on business that was unproductive. From the salesman's viewpoint he rarely spends more than two hours a day actually talking with and selling clients. The rest of his time is devoted to travel, study, and servicing accounts. Both are important, but I think that two hours a day is a very generous appraisal of the amount of time many salesmen devote to the actual production of orders. Multiply this by 240 working days a year and you have actually 480 hours a year devoted to actual selling and business production. A $20,000 man can roughly estimate the value of his time at about $85 an hour actually devoted to selling. Anything that takes time away from the production of business that is not adequately compensated for by adequate profits is something to be corrected and eliminated.

Some Small Accounts Will Send You Business

I have made it a practice to welcome all customers large or small unless I see that an account is going to be a time waster. Sometimes you can determine this before you complete your first transaction — if so by all means discourage the account as politely as possible. I have handled the account of one young man for about five years and it has been a decided pleasure to work with him. We have built up his capital carefully and he is well pleased. All transactions are handled by telephone. He recommended his wife's parents to me for a retirement income investment in mutual funds; he has sent me several of his friends at the university where he teaches and the office where he works. He knows people that are as intelligent and pleasant as is he, and the radiation I receive from him is profitable and it does not take too much of my time.

I know of another case that happened several weeks ago in my office. One of the salesmen had a small account with whom he had become friendly over the years. It was a very small account and about once every three months this customer would call him and chat about his investments. This salesman was always pleasant and they became friendly. The other day he received a call from this customers who told him that his mother-in-law had sold some real estate and that she wished to invest $100,000 in some high grade income producing securities. *The salesman never knew that this man had a mother-in-law,* let alone one that had an investment potential of $100,000. Possibly this too points to a lesson—don't take anything for granted in this business. He might have asked about some referrals if he had thought about it; even though his account was very small. You never know the status of a man's mother-in-law (financially or otherwise).

Funds Are Being Sold to Small Investors in Volume

Another area for obtaining substantial business is now being developed by the mutual fund salesmen who obtain an initial order from an employee of a large organization and, with this focal point as a starter, many new contracts can be obtained through radiation. It is also even more helpful if a key employee can be sold and, if he or she is one that has the respect of others in the organization, a substantial group of orders can be obtained. This is a particularly lucrative method of obtaining volume from a large number of small orders and the sales plan can be used primarily by those salesmen specializing in the sale of Monthly Investment Plans.

The salesman of general market securities can also radiate from a key employee and sell mutual funds in this manner. This can be too time consuming unless orders can be obtained by mail and telephone. Secure the good-will of any customer who likes his plan and let him tell others about what he is doing. Then send the data by mail, enclose prospectus and follow by telephone. It can be done if the original recommendation is strong.

Opens Investment Office

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif. — Carol Edward Jame is conducting a securities business from offices at 534 Dudley No. 1. Mr. Jame was formerly with Wilson and Bayley.

Lowell Director

BOSTON, Mass.—At the 136th annual meeting of the Massachusetts Hospital Life Insurance Co., trustee for the Massachusetts Life Fund, John Lowell was elected a director. Mr. Lowell is a vice-president and member of the Trust Investment Committee of the Boston Safe Deposit and Trust Company. Some of his affiliations include directorships of S. S. Pierce Co. and of the International Grenfell Association, trustee of the Franklin Foundation, Franklin Technical Institute, and Wheelock College. He is also treasurer of the Boston Lying-in Hospital.

Joins Alexander Kleine

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Marvin Greenberg has become affiliated with Alexander Kleine & Co., 120 South La Salle Street, members of the Midwest Stock Exchange.

With Mitchell, Hutchins

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Jack G. Swanson is now with Mitchell, Hutchins & Co., 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was with Bear, Stearns & Co. in the past.

Jack Dusapin Opens

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — Jack P. Dusapin has opened offices at 506 Juniper Avenue to engage in a securities business. He was formerly with Columbine Securities Corp.

C. L. Epps Opens

HOUSTON, Texas—Charles Lee Epps is engaging in a securities business from offices at 5746 Flamingo under the firm name of Charles Lee Epps & Co.

Continued from first page

The Market Outlook

Incidentally, a decline of 25% to 50% in the Dow-Jones Industrials would mean that the averages would still hold at between two and two and one-half times the 1949 lows. (I am referring, of course, to the market as a whole, and I realize that some issues which have not been over-exploited may resist any general downward trend, and at least recover fairly promptly following the completion of any general stock price readjustment.)

Offers Investment Advice

I have a definite prejudice in favor of common stocks rather than bonds for most investment programs, provided that equities can be acquired at prices where the intermediate risks are no greater than are the corresponding possibilities for capital gains. Under current conditions, however, when there appears to be a greater chance of a decline of about 25% to 50% in the market as a whole than there is of a further advance of as much as 5% to 10%, I think it would be wise to place the emphasis on the investment of new funds in either tax exempt bonds or short-term corporate or government bonds. For individuals in the higher tax brackets, the yields on tax exempts of fairly good quality are now three or four times the yields obtainable on equities, after allowance for taxes. I would favor tax exempt bonds partly because the international situation carries the ever-present threat of the necessity for raising taxes to keep the budget in approximate balance.

In the case of corporate and government bonds, where the interest income is fully taxable to the investor, the outlook is not too clear. Over the intermediate period, or for the next 12 to 18 months, the trend of interest rates is likely to depend largely on whether the Administration can keep the Federal budget in at least a near balance, and thereby limit the supply of new bond issues and the spread of inflation psychology. If business activity should decline substantially during the last half of this year, the trend of long-term bond prices is likely to be upward for at least a few months, as institutional and other investors switch from stocks yielding 2% to 3% or less, into bonds offering a return of 3½% or more. Over the very long-term, the trend of interest rates will probably be irregularly upward because of the almost irresistible pressures to add to the government debt every time business activity declines by as much as 10%.

Turning to the stock market, it might be observed that the very long-term trend of stock prices has always been upward, and probably will continue to be because of the growth in population on the one hand, and the reinvestment of earnings by the vast majority of corporations in most years. It should be kept in mind that these considerations were present in 1929, even though the Dow-Jones Industrial Average was to subsequently decline by more than 80% within three years; and in 1937, when the vast majority of stocks were to fall back by 50% or more before they were to recover to their previous peaks, some nine years later. I personally think that even long-term investors should not ignore the cyclical outlook in making new commitments, not only because purchases made while stocks are in the lower range of the ever-recurring popularity-unpopularity cycle can result in much greater capital gains over the long-term; but also because it is much easier to make wise selections under adverse business and market conditions than it is when business is booming, and weaknesses in either managements or in growth projections are much more difficult to detect.

Four Selling Arguments

From a cyclical point of view, I believe that the stock market as a whole is now in a selling rather than in a buying area, for a number of reasons. These may be summarized as follows:

(1) It appears overly-optimistic, to my way of thinking, to expect the current recovery in business activity to carry past the second quarter of this year. This conclusion is based in part on the same type of reasoning which led us to go on record in the spring and early summer of 1957 with the forecast that we should expect a somewhat greater decline in activity by not later than the spring of 1958 than was witnessed in either 1949 or 1953. As was true in 1957, production is running above consumption; we no longer have any pent-up demands for goods; foreign competition is increasing; while the Federal Reserve Board is following a policy of gradually tightening credit, rather than a deliberate easing of credit. Since stock prices usually reach their peaks while the business news is still excellent, and before any downward readjustment in activity gets under way, there would appear to be a greater chance of an important intermediate peak in the stock market during the early months of this year than of a continued upward trend of any sizable proportions.

I realize, of course, that my projections would mean that the current business recovery is to be of rather brief duration, but I think this should be expected, in view of the manner in which the downward trend in 1957 and early 1958 was reversed. Our political economic planners, for obvious reasons, did not permit the readjustment to continue long enough to lead to an accumulation of pent-up demands; and the renewed upward spiral in wages resulting from the pattern set by long-term wage contracts of U. S. Steel prevented industry from reducing prices sufficiently to bring about an increase in the buying power of those with fixed incomes.

(2) Stocks in general are currently selling at prices in relation to earnings in prospect during the 12 months immediately ahead which are close to the peaks reached at around the major tops in the past, including 1929, 1937 and 1946. Specifically, our projections of the probable 1959 earnings for each of the 30 issues which make up the Dow-Jones Industrial Average indicate that the composite income for this group of stocks will amount to approximately $36 a share, or about 25% above the earnings reported for 1958. This means that at around the 610 level, the Dow-Jones Industrials are selling at the equivalent of almost 17 times this year's probable earnings. The bull market highs in 1937, 1939, and in 1946 were between 16 and 17 times the earnings reported for these years. Going back to 1929, we find that the peak for that year was also equivalent to about 17 times the earnings which might have been reasonably anticipated at the time the highs were recorded.

(3) Stocks are also in a vulnerable area from the standpoint of yields, both in actual terms and in relation to those obtainable on fixed-income securities. The average yields on stocks today are only a little more than 3%. As measured by the Dow-Jones Industrials, it has been possible to buy stocks on a yield basis of 4% or more at sometime in every year since at least 1920. Even though dividend payments may be increased by 10% over the next nine months, in light of this record, we should expect the Dow-Jones Industrials to lose all of the net gains made subsequent to the 1957 highs, as a minimum, before the end of the year. To decline to an average yield basis of 5%, where the yields would still be only about 1% more than those available on long-term governments, the Dow-Jones Industrial Average would have to fall back to around the 1957 low of about 420.

(4) Stocks would appear to be in a broad selling area on the basis of the record which shows that cyclical peaks are generally recorded when equities are so very popular that it is necessary to ignore past relationships to earnings and dividends to justify new purchases. This is certainly the case today. On all sides, we are being told that stocks should be purchased for inflation protection, with little attention being paid to the fact that with the average equity selling at more than double the highs reached in 1953, we have already discounted a much greater inflation than may be seen during the next five or ten years. (It might also be well to recall that this inflation argument was very prominent in the Spring of 1937, just before stocks were to decline by more than 50%; and also in 1946, when price controls were about to be abandoned and we had tremendous pent-up demands for goods because of the wartime production restrictions.)

* * *

I recognize, of course, that there are several supporting factors in the stock market besides the exaggerated fears of inflation, but few of these appear to be of a fundamental nature. Institutional buyers may be gradually absorbing the available supply of certain stocks, but purchases of equities by pension and similar funds are probably running at an annual rate of only about $1 billion a year, or a small fraction of the additions to the supply of stocks resulting from liquidation of family holdings, or corporate sales of new shares to provide for expansion. Purchases by mutual funds are, in the last analysis, merely an indirect reflection of the demand for stocks by the so-called "public," who are gradually being sold on the merits of professional management as compared with active speculation.

Warns Professionals

I believe that the strongest supporting factor in the stock market is probably the fact that the public has tremendous bank deposits and holdings of government bonds which, theoretically, at least, can be siphoned into common stocks. There are some Wall Street professionals who believe that it would be smart or good business to try to keep the speculative fever going until the public runs out of money, or the Federal Reserve Board is forced to take more drastic steps to curb speculation. I personally hope this does not happen, as the aftermath would almost certainly be another collapse similar to that of 1929, and a public demand for more regulation. In any event, my conscience would not permit me to recommend that anyone contribute to such an unhealthy potential development. I think we will all be better off if we think in terms of freezing a good part of the capital gains which have been built up in the past five years or longer, and limit our holdings of stocks for the time being to somewhere between 40% and 60% of those which were clearly warranted on the basis of economic fundamentals up until the Dow-Jones Industrial Average had reached a level of about double the 1953 lows.

Continued from page 4

Viewing the Market Through Electronic Eyes

General Transistor from 17¼ to 67; Sonotone from 5⅛ to 15. Over-the-Counter High Voltage has gone from the 20's to 66; and Milgo from $2 to $62 in less than three years. All you have to do is to latch onto one or two of these electronics (the right ones) in an early stage and you'll be shopping for cruises before you know it!

The problem here is obviously to search for the under-valued stocks if they can be found; and not to pay 40 or 50 times earnings just because some eager young company is going to make an electronic homing pigeon compass for some wayward rocket. Some of these "hopefuls" are going to make the grade in a big permanent way, either on their own, or via the merger route. Others are beautiful market moths of the moment, that are going to get singed themselves and singe a few stockholders in the process. Every time an industry gets to be a market darling, as electronics are today, you must be vigilant lest you buy on a fad instead of facts.

We've mentioned some pretty solidly positioned electronics companies today. There are plenty more meritorious ones we didn't get to talk about — Epsco, Electronics Associates, Analogue Controls, Ampex, Magnavox, Raytheon, Texas Instruments and of course Zenith which is very busy in the market chasing IBM!

Delve into this electronic industry and you're bound to come across stocks with a magnificent growth trend. But, in your winnowing, stress management, reputation for effective research and for quality of products. And prefer the companies that show talent in merchandising their wares. This "better mousetrap" theory is for the birds in the electronic age!

N. C. Roberts Branch

EL CAJON, Calif.—N. C. Roberts & Co. has opened a branch office at 127 East Lexington Avenue under the management of John D. Desbrow.

David W. Barton Honored at Dinner

BALTIMORE, Md. — David W. Barton, business man and civic leader, was honored at a testimonial dinner on the occasion of his 25th year as an officer and trustee of Income Foundation Fund, Inc.

David W. Barton

The event, held in Baltimore also marked Mr. Barton's formal election as Chairman of the Board of the 25-year-old mutual fund. He has been President since its inception in 1934.

John F. Donahue of Pittsburgh, was elected President to succeed Mr. Barton. He has been a Vice-President and Trustee of the Fund and is well known in the financial and investment world.

In addition to Mr. Barton, as Chairman of the Board, and Mr. Donahue, as President, the Fund's Board of Trustees includes Thomas J. Donnelly, Charles A. Fagan, Jr., Joseph A. Hague, F. Barton Harvey, William L. Jacob and James E. Mutrie.

St. Lawrence Seaway May Stimulate New Shipping Methods

Professor Benford avers St. Lawrence Seaway will induce revolutionary cost-cutting cargo handling methods in New York and other main ports.

Opening of the St. Lawrence Seaway will provide a wonderful opportunity to replace centuries-old cargo handling methods with modern "package units," says a University of Michigan man.

Harry B. Benford, associate professor of naval architecture and marine engineering feels shipping cargo packed in units about the size of truck bodies not only would lessen loading and unloading times but also would cut costs and virtually end pilfering.

"With all this emphasis on nuclear powered vessels, it is a strange sight to see an ultra-modern ship being loaded with equipment developed a century ago," he says.

"The unions at New York and other main ports long have opposed changes in cargo handling, but at Detroit and ports along the seaway, this need not be a handicap.

Truck-Sized Packages

"Packaged units could be loaded right at the factory and brought to the pier on trucks, easily swung aboard and neatly stored, and then as simply set aboard a truck at their destination and driven to the distributor's place of business."

Mr. Benford points out there also is an added incentive in improving cargo handling: it's about the only place to economize in ship operation. Fuel costs are as low as possible under existing circumstances and operating labor expenses are rather rigid. Since about 30% of a ship's total expenses go for cargo handling, it would seem much could be done in this area, the professor states.

Detroit should have a special interest in this aspect, too, he adds, because of the possible sales of trucks and containers.

New Franklin Branch

VAN NUYS, Calif.—Samuel B. Franklin & Company has opened a branch office at 14836½ Burbank Boulevard under the direction of Jack Apple.

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The State of Trade and Industry

usually takes a while for both sides to cool off enough to get down to brass tacks. Some observers believe a walkout could last as long as six to eight weeks.

If there is no strike — a peaceful settlement of steel labor issues would mean a sudden letdown in steel demand in the last half of the year. Steel users would no longer have to worry about building inventory. In fact, they most likely would pare expenses by again cutting back on their steel stocks.

"Some steel analysts say the market will fall flat on its face in the last half if there is no strike," "Iron Age" commented.

These observers look at it this way:

At the present rate of steel consumption, the metalworking industry is expected to add 7 to 9 million tons to steel stocks in the first half. The buildup will leave plants with 20 to 22 million tons of steel inventory by the end of June. A labor settlement would bring a quick end to inventory buying.

"Iron Age" said steel output may average about 90% of capacity during the first half of the year. But last-half production could drop drastically depending on general business conditions, and how labor negotiations turn out.

Meanwhile, said "Iron Age," strong demand has spread even to products that heretofore had been little affected by strike-hedge buying.

For example, the mills are about booked to capacity on railroad products through June. This includes wheels, axles, rails, and track materials. Up to now, the railroads had been dragging their feet.

Second Quarter Steel Output at New Record

Steelmakers are well on their way to a record first half, "Steel" magazine reported March 16.

Production last week was a record 2,630,000 net tons of steel for ingots and castings. Producers ran their furnaces at 93% of capacity, up 2.5 points from the preceding week's rate.

The metalworking weekly said that March's output of 11.5 million tons will also set a record, surpassing that of October, 1956, when 11,048,513 tons were made. Second quarter production will be the biggest of any three months in history: About 33.2 million tons, vs. 32.4 million in the fourth quarter of 1956.

Sheets are being produced at capacity. Hot-rolled bar producers have set limits on the orders they'll accept during the second quarter. Stronger demand for plates and structurals reflects a marked pickup in railroad buying. Demand for oil country goods is heavy. Line pipe makers have closed first half books.

Steelmakers are in some cases making steel faster than it can be shipped, the magazine said. A Chicago mill has lost some production because of bottlenecks in shipping. Trucks aren't being moved into its docks, loaded, and dispatched fast enough to permit capacity operations on finishing lines.

Not much trouble is encountered in getting freight cars to ship steel, but shippers are fearful of a car shortage in May and June when production of steel products will be higher and pressure for delivery will be greater.

Foreign steelmakers are taking a larger slice of U. S. business, the magazine reported. Last year's imports were valued at $212.5 million. Shipments were 30% above 1957's. Until last year, the U. S. exported three to four times more steel than it imported; the ratio dropped to less than 2 to 1 in 1958.

Conveyor manufacturers are pushing an ascending sales curve that should be 25% above 1958's level by year-end, a "Steel" survey shows. Last year's shipments were valued at $310 million. Equipment is going mostly to plants in metalworking, chemical, and food processing.

Business is being affected by the Berlin tension, the magazine commented. Exaggerated or not, the war talk is an added spur to the business recovery. Government inquiries, but not orders, are above normal, especially in industries like stamping. Domestic activity also shows signs of the psychological stimulus.

Nonferrous prices are expected to level off within the next few weeks, "Steel" reported. Sporadic shifting isn't ruled out, but changes should be minor unless there's upheaval such as an industry-wide labor walkout.

"Steel's" price composite on steelmaking scrap slipped 67 cents to $41.66 a gross ton in spite of pending Japanese scrap orders for 900,000 tons.

Steel Production Uptrend Unabated

The American Iron and Steel Institute announced that the operating rate of steel companies will average *162.5% of steel capacity for the week beginning March 16 equivalent to 2,610,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *162.1% of capacity and 2,604,000 tons a week ago.

Actual output for March 9 week was equal to 92% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for the week of March 16 is 92.2%.

For the March 16 week a month ago the rate was *152.5% and production 2,449,000 tons. A year ago the actual weekly production was placed at 1,417,000 tons, or 88.2%.

*Index of production is based on average weekly production for 1947-1949.

Car Output 52% Above Year Ago

Passenger car production in the U. S. was programmed for a 2% decline in the week ended March 14, according to Ward's Automotive Reports.

Schedules called for 131,096 cars compared to 133,540 last week. However, the recent week's total represented a 52% improvement over the corresponding week a year ago (86,447).

Thus far in 1959, said Ward's, 1,288,876 automobiles have been assembled, 23% more than the 1,051,865 turned out through the same week in 1958.

The statistical publication said the car volume in the March 9-14 week was 5% below the 1959 peak of 135,953 recorded Jan. 12-17 and 15% above the 1959 low of 114,282 reached Feb. 2-7.

Auto makers are headed for a March production total approximating 580,000 automobiles, said Ward's compared to 545,757 in January and 478,484 in February.

Eight car-building plants were listed by Ward's as fulfilling six-day schedules in the week of March 9. Four factories followed four-day programs, one operated three days and one was down all week. The rest of the industry worked five days.

Ward's said the reason for the short weeks at some plants was a balancing of output with new cars sales.

Truck production for the latest week was estimated by Ward's at 24,422 units, or 4% more than last week's 23,492 total.

Electric Output About 10% Higher Than 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 14, was estimated at 12,996,000,000 kwh., according to the Edison Electric Institute. Output the past week was slightly above the level of the preceding week and came in the wake of successive weekly declines from the 13,259,000,000 kwh. total recorded the week ended Feb. 21.

For the week ended March 14, output increased by 51,000,000 kwh. above that of the previous week, but showed a gain of 1,113,000,000 kwh. or 9.6% above that of the comparable 1958 week.

Car Loadings 9.5% Above Corresponding 1958 Week

Loading of revenue freight for the week ended March 7, 1959, totaled 595,930 cars, the Association of American Railroads announced. This was an increase of 51,556 cars, or 9.5% above the corresponding week in 1958, but a decrease of 76,433 cars, or 11.4% below the corresponding week in 1957.

Loadings in the week of March 7 were 20,347 cars, or 3.5% above the preceding holiday week.

Lumber Shipments 6.5% Above Production

Lumber shipments of 477 mills reporting to the National Lumber Trade Barometer were 6.5% above production for the week ended March 7, 1959. In the same week new orders of these mills were 10.4% above production. Unfilled orders of reporting mills amounted to 43% of stocks. For reporting softwood mills, unfilled orders were equivalent to 21 days' production at the current rate, and gross stocks were equivalent to 44 days' production.

For the year-to-date, shipments of reporting identical mills were 1.2% above production; new orders were 5.6% above production.

For week ended March 7, as compared with the previous week, production of reporting mills was 1.1% above; shipments were 2.1% above; new orders were 4.7% above. For the latest week, as against the corresponding week in 1958, production of reporting mills was 7.6% above; shipments were 15.9% above; and new orders were 19.8% above.

January Lumber Output 5% Above Year Ago

The nation's sawmills produced a total of 2,629,000,000 board feet of lumber during January 1959, according to estimates of the National Lumber Manufacturers Association. The January output was 2% below December 1958 but 5% greater than in January of last year. Softwood lumber production amounted to 2,151,000,000 board feet in January 1959 while 478,000,000 board feet of hardwoods were produced.

Total new orders for lumber received by the mills during January exceeded the output by 6%, while the volume of lumber shipped was about equal to the month's production.

Compared with the beginning month of 1958, new orders for softwood lumber this year increased 12%, while shipments were up 8%. Hardwood lumber orders in January 1959, meanwhile, showed a 7% decline from last year while shipments remained unchanged.

Unfilled orders for both softwoods and hardwoods climbed 7% during January 1959. At the end of the month, unfilled orders for softwood lumber were 21% above year-ago levels, while orders on hand for hardwood lumber were off 13%.

Gross mill inventories of lumber at the end of January 1959 totaled 9,106,000,000 board feet, approximately the same as a month earlier but down 4% from Jan. 31, 1958.

Business Failures Up Moderately From Earlier Week

Commercial and industrial failures rose moderately to 311 in the week ended March 12 from 288 in the preceding week, reported Dun & Bradstreet, Inc. This upturn, after a two-week decline, did not lift casualties as high as last year when 336 occurred. But, they exceeded slightly the 301 in 1957 and were 4% above the prewar level of 298 in the comparable week of 1939.

Failures involving liabilities of $5,000 or more increased to 262 from 248 a week earlier, but remained below the 303 of this size a year ago. Small casualties, those with liabilities under $5,000, edged up to 49 from 40 last week and compared with 33 in the similar week of 1958. Twenty-seven of the failing businesses had liabilities in excess of $100,000 as against 29 in the preceding week.

The toll among construction contractors climbed to 50 from 37, among manufacturers to 50 from 42, and among commercial services to 39 from 23. In contrast, neither retailing, down to 149 from 153, nor wholesaling, down to 23 from 33, suffered as many casualties as a week ago. Failures fell short of 1958 levels in manufacturing and trade, but construction and service mortality was heavier than last year.

Six of the nine major geographic regions reported mild increases during the week. The Middle Atlantic total rose to 110 from 101, the Pacific to 61 from 54, and the South Atlantic to 27 from 17. Slight dips from the previous week prevailed in three regions, including the East North Central States, down to 50 from 56. Regional trends from 1958 were mixed. Five areas had fewer concerns failing, while three suffered heavier tolls and one held even.

Slight Rise in Wholesale Food Price Index

Following six consecutive weeks of decline, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., moved up fractionally this week. On March 10 the index rose 0.3% to $6.13 from $6.11 of the prior week, which was the lowest level so far

this year. The current index was 8.2% below the $6.68 of the similar date a year ago.

Commodities quoted higher in price this week were flour, corn, rye, barley, lard, cocoa, eggs, steers, and hogs. Lower in price were wheat, sugar, and coffee.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index at 1959 High

Boosted by higher prices on livestock, hides, rubber, and tin, the general commodity price level rose during the week, and the Dun & Bradstreet Daily Wholesale Commodity Price Index hit 278.25 on March 11, the highest level so far this year. OOn March 16 the index stood at 278.01, compared with 277.08 a week earlier and 2[illegible]1.45 on the comparable date a year ago.

Most grain prices increased fractionally this week. Trading in wheat expanded moderately and receipts were lighter helping prices to move up somewhat. Supplies of corn were reduced and buying moved up slightly; corn prices somewhat exceeded those of the prior week. There was a moderate rise in trading in oats, but prices remained close to the previous week. The buying of soybeans held steady and prices advanced moderately.

There was an appreciable rise in the domestic buying of flour during the week, but prices were unchanged from a week earlier. Export purchases of flour slackened. Trading in rice slipped somewhat, but prices were unchanged; rice inventories at wholesale were light.

Although coffee prices picked up somewhat at the end of the week they finished below those of a week earlier; coffee trading was steady. Interest in cocoa declined, but prices were unchanged. Following several weeks of decreases, sugar prices leveled out this week and trading was steady.

Hog receipts in Chicago were steady this week, but trading advanced moderately; this resulted in a slight rise in prices. There was a slight rise in steer prices as the salable supply was limited and trading was steady. Wholesalers reported an appreciable gain in lamb prices; receipts expanded moderately and trading was slightly higher. In contrast with the rise in hog prices, lard prices remained unchanged from a week earlier. Turnover in lard at wholesale was slightly higher than a week earlier.

Cotton trading on the New York Cotton Exchange picked up at the end of the week, but prices remained close to the prior week. The improvement in purchases was due to mill price fixing and a possible tightness in the supply of "free" cotton later in the season. Exports of cotton for the week ended last Tuesday were estimated at 60,000 bales, compared with 31,000 a week earlier and 79,000 during the comparable week last year. Cotton shipments for the season through March 10 were estimated at 1,908,000 bales, as against 3,396,000 at the same time last year.

Easter Selling Gets Underway

While bad weather in some areas held consumer buying in the week ended March 11 close to the prior week, an upsurge in interest in women's Easter apparel boosted overall retail trade moderately over a year ago. There were year-to-year gains in sales of furniture, but volume in appliances and housewares fell somewhat. The buying of new passenger cars matched the prior week, and substantial increases over the similar 1958 period were maintained, according to scattered reports.

The total dollar volume of retail trade in the week ended March 11 was 2 to 6% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: West South Central +6 to +10; South Atlantic +5 to +9; Pacific Coast +3 to +7; East North Central +2 to +6; Middle Atlantic, West North Central, and East South Central +1 to +5; Mountain —3 to +1; New England —5 to —1.

There were marked gains during the week in sales of women's Spring dresses, suits, and millinery, while interest in Winter clothing declined. The call for Spring fashion accessories and sportswear moved up moderately from the prior week. Increased buying of men's Spring suits offset declines in Winter suits and overcoats holding volume close to both the prior week and a year ago. Except for dress shirts, purchases of men's furnishings lagged. The call for children's clothing was sustained at a high level and appreciable year-to-year increases occurred.

Shoppers were more interested in apparel than in household goods this week. Despite slight gains in laundry equipment, volume in major appliances fell somewhat from a year ago. The buying of occasional tables and chairs, bedding, and upholstered living room furniture showed moderate year-to-year gains, but sales of linens, draperies, and floor coverings were down from the comparable 1958 week.

Housewives were again primarily interested in Lenten food specialties this week, particularly cheese, canned fish, and baked goods. The call for fresh meat and poultry fell somewhat.

Nationwide Department Store Sales Up 5%

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended March 7, advanced 5% above the like period last year. In the preceding week, for Feb. 28, an increase of 10% was recorded. For the four weeks ended March 7 a gain of 11% was registered.

According to the Federal Reserve System department store sales in New York City for the week ended March 7 showed a 1% decrease from that of the like period last year. In the preceding week, Feb. 28, a decrease of 4% was reported and for the Feb. 21 week a 47% increase was recorded. For the four weeks ended March 7 an increase of 7% was noted over the volume in the corresponding period in 1958.

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The Unpleasant Facts Regarding The Currency Outlook for 1959

diesel trucks that I saw climbing over Indian mountain passes, mostly German "Mercedes," were bought on three year credit. The small Alfa Romeo passenger bus that takes you to the Ciampino Airport in Rome is available on excellent credit terms for export and will give, just as its German cousin, the Volkswagen bus, quite a few headaches to the "Donatellos of the Chrome" as one of our weeklies called them in admiration. The German Telefunken and the Dutch Philips radio have displaced our products all over the Near and Far East. American chemical and pharmaceutical products, still attractive in India and other Asiatic countries, can continue to be so only by the existence of huge chemical works owned partially or fully by U. S. interests near Bombay or Manila. The French and German ballpoint pens are cheaper than ours. And so it goes. But this is not the complete picture.

Financial Ignorance

Let us have a look at the financial repercussions, which are also fully ignored by even intelligent editors or bankers. They believe that in drooling about the rising stock market, they comply with their duties. That, unfortunately, is not so.

As long as the Dollar was a strong currency, New York was the financial center of the world. Our politicians never ceased to rub it in whenever they talked about it to foreigners. The latter took it, reluctantly and full of resentment. Our political and economic arrogance during the "Dollar is King period" was just as unjustified as our belittling of Iron Curtain production. Since about a year or so ago, the few clever men among our financiers became aware of the fact that our financial supremacy was dwindling to the same degree that the Dollar shrank. They did nothing about it and, like once-upon-a-time beautiful women who saw their attractiveness fading away, they continued to talk and to think of past conquests. That was a major mistake.

Then, with Britain's Sterling gaining in strength early in 1958, first a small and then a larger slice of international foreign exchange business moved from New York back to European banks. After the beginning of external convertibility of Sterling and the 12 continental currencies, dealings in Transferable Pounds, German Mark of Limited Convertibility, Transferable Guilders, Belgian and French Francs of the same variety, as well as of Transferable Lire, also ceased in New York. All this trade, surrounded by a larger number of other banking or financial operations, moved to Europe. The British, German and Swiss banks of older foreign trade traditions than ours, reclaimed this business. I believe they will have it for a long time to come. But this rightful restitution would not bother me, if I would not see that with the European Common Market and its unavoidable interior as well as exterior convertibility, more financial business will be lost by us.

Predicts European Capital Repatriation

Until the end of 1957, the U. S. was considered to be an asylum country for funds in search of monetary stability. When the European currencies regained their strength, substantial repatriation of capital return into the country of origin began. You all know that we lost about $2.3 billion of our gold and that our balance of payments shows a deficit of about $3 to $3.5 billion for 1958. Figures like that do not shock the uninformed banker in Iowa or in New Hampshire, but they frighten the Central Bank managers outside the U. S., because most of these gentlemen know about the pitiless arithmetic of eternal currency laws that you probably never have learned. But as a few of our fellow Americans who own modest or large fortunes also have become jittery and scared, an outward capital movement from the U. S. to Europe has gotten underway and is far from being finished. The convertibility moves in Europe contributed majorly to its acceleration. This capital stream, now flowing to Switzerland and probably soon to London, Paris and Frankfurt, not to speak of Brussels and Amsterdam, cannot be stopped by us. It has generated an international wave of Dollar distrust.

The Conclusions

The facts which I have tried to enumerate are far from pleasant. Now, we might or might not continue to improvise Dollar debasement, but we are near the point of no return. And something has to give.

We want—like children—to eat the inflation cake and to conserve the Dollar's value at the same time. That cannot be done. Only politicians and bankers believe in its feasibility. Therefore, especially with the heavy competition from Europe and the attraction and safety of some of its currencies, we have to give priority to the conservation of Dollar purchasing power. We have to accept, as the British did and the French do now, a system of austerity. We must raise bank rates, make money hard to get, practice deflation. Sure, that means temporary unemployment, means abandoning many projects, the end of the absolutely artificial building boom, sharp reductions of all agricultural subsidies, and many other measures of coming down to earth.

We will have to give up our absolutely silly method of computing statistics or balance sheets in Paper Dollars of constantly dwindling purchasing power. We must publish losses of purchasing power of all bonds and recompute wages, insurance policies, annuities and similar payments into Real Dollars of 1940 vintage.

Let me state that none will like to do all this. We are human beings and optimists. Many will believe that I am wrong. I also may say that nothing would give me more pleasure than to see a miracle happen which would eliminate all these worries. Unfortunately, miracles only occur in fairy tales. And as the famous Prussian 18th Century King, Frederick the Great, once wrote: God is always on the side of the stronger battalions.

We are in for trouble. We had better fasten our economic seat-belts, for it will be a very rough ride. Try to think what we can do. It will not be gay, but we can survive—at a price.

Henry Swift Branch

WALNUT CREEK, Calif.—Henry F. Swift & Co. has opened a branch office at 1397 Main Street under the management of Alonzo W. Anderson. Mr. Anderson was formerly local manager for Hooker & Fay.

J. F. Morrison Co. Formed

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Joseph F. Morrison is engaging in a securities business from offices at 235 Montgomery Street under the firm name of J. F. Morrison & Co.

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More on Hazlitt's Critique Of Keynes

(and) can afford to pay for." But what prevents their sales to us more than our own tariffs? There were many evidences that Britain tried to live within her means. She shut out foreign goods by tariffs. She confiscated dollar holdings of her nationals for use in payment of her debts.[6] She closely rationed travel—as in fact, did Canada. And she denied her citizens the right to buy her own luxury products, reserving them for export only and so marking them in London shop windows. None of these facts show a disposition to buy more abroad than Britain could "afford to pay for."

Hazlitt goes on to charge that foreign countries are to blame for their own troubles because "They will not accept the verdict of the open market as to what (their) currencies are worth. . . . It is precisely this over-valuation which brings about the dollar scarcity."[6a]

The Role of U. S. Tariffs

But U. S. tariffs had a hand in this over-valuation. It is not too much to suppose that a sufficiently sharp tariff increase by us could over-value nearly every currency in the world. And Hazlitt's remedy for this over-valuation was to divorce world currencies from official rates and allow them to "fall to the value that a free market would put on them" which does sound suspiciously like the remedy Keynes proposed for the British pound.

Between 1929 and 1936, 59 countries left the gold standard.[7] Does any reasonable person suppose that all these countries combined to do this as result of innate foreign depravity and general enthusiasm for soft money? They were driven off gold by loss of gold consequent on their inability to pay us in anything else. Shipments of gold to us had been partly obviated, and foreign bankruptcy masked, by our (very unwise, in view of our tariff policies) foreign loans during the 1920's. But when, in the crash of 1929-32, this foreign lending dried up, the over-valuation of foreign currencies became evident, gold came here in great quantities, and the gold standard fell from grace over a wide area.

My own position on all this should have been clear. I quoted Montague Norman with approval when he wrote regretfully that "real stabilization" is "impossible" in view of U. S. tariffs. I said "some substitute for a conventional gold standard had to be found for England. As to the United States, England could hope for nothing better than inflation here. . . ." "Keynes' program would not have been needed had U. S. tariffs not rendered the gold standard internationally unworkable. . . ." "There is reason to think that orthodox criticism of Keynes, such as that of Hazlitt, as well as orthodox defense of the gold standard, would be strengthened if these two errors in its own thinking were to be better understood." None of this language is that of an apostle of soft money and a really careful reading would have saved Spitz his error.

Say's Law

Turning now to Say's Law, all I can find that he actually *said* is to the effect that "A product is no sooner created than it, from that instant, affords a market for other products to the full extent of its own value," and I have no present quarrel with that statement. But if he said what Hazlitt says he said, "that *general* over-production of *all* commodities is not possible,"[7a] I strongly disagree. This may bring out the distinction: if the world, ten years from now, finds itself able to produce twice as much with the same labor as it does today, then the increase can, and probably will, supply its own market. But Hazlitt denies the possibility of *any* criterion for limiting production *other* than mere marketability. Do his people never get tired? Do they never need to be consumers? Has he forgotten Moses and his six-day week? Unlimited production might, as Say says, if attainable and if the proportions are right, continue to be marketable. But this is not equivalent to saying that people are either able or willing to spend unlimited time trying for it. Say seems all right as I quote him, but not as Hazlitt does.

Not only does Hazlitt deny the possibility of *absolute* over-production but he seems also to deny the possibility of over-production *relative* to gold for he says: "Whenever business was bad the average merchant had two explanations; the evil was caused by a scarcity of money and by general over-production. Adam Smith, in a famous passage in *The Wealth of Nations*, exploded the first of these myths. Say devoted himself to refutation of the second."[7b]

But if Hazlitt's "average merchant" was wholly wrong, then how do we explain that, at the peak of a normal boom, on a gold standard, we find general production going great guns, whereas in the meantime, high wages and high prices have slowed down the production of gold to an inadequate rate? Is it reasonable to deny that, at such a time, with money scarce and interest rates high, *general* production of things other than gold is excessive *relative* to that of gold and gold production is *deficient* relative to production of all else. This does production of all else? This does the proportions are simply wrong. But it does show that there can be general over-production *relative* to that of gold.

It may be useful to pictorialize this see-saw between the production of gold and that of other things. Let the reader think of a board being lifted by a hoist, the two ends swinging. At one end is gold production, at the other general production. There is simultaneously an inverse, negative, *cyclical* correlation between the ends as they swing in opposite directions, and a positive, parallel, *secular* correlation between the two ends as they are raised together by the hoist.

The rate at which our board is lifted has been the subject of extensive study, and guesses at the rate of annual increase have ranged between 1½% and 3%.[8] So we are next led to ask what fixes these two rates; annual production and its rate of increase. Probably most economists would reply "normal profits," normal profit being a familiar economic concept and one in thoroughly respectable use. But what fixes the level of normal profit? The answer would probably be demand and supply, the excess of the utility of the product over the disutility of the labor needed to turn it out. But this is no more than a vague and clumsy way of identifying the emotional forces of desire for the object and the excess of this desire over the distaste for the labor needed to produce it. *Worthwhileness*, as used here, is thus the resultant of two unlike but conflicting emotional forces.

The second objection to the use of "normal profit" as a criterion for economic activity is that it is too narrow. Not only does it not cover those who work for wages and salaries but it does not cover those who do their own work. Take a housewife who does her own cooking, her own laundry, her own cleaning, etc., instead of employing a hired girl. Such work is economic work. Yet it cannot be explained in terms of money incentive. It can, however, be explained quite well in terms of what the housewife finds it worth her while to do. Then, accepting Hazlitt's maxim that the whole is equal to the sum of all its parts, the *normal* level of *general* activity can be identified as the sum of what individuals everywhere find it worth their while to do and a temporarily overstimulated level is conceivable.

Greaves objects that "since the desires of men are constantly changing there can be no norm for human desires or values." But are not the desires of other animals constantly changing? And do not cattle "normally" seek the best pasture? Do not sheep "normally" turn their backs to a blizzard? Do not birds "normally" fly south for the winter? Has not the ocean a "mean high tide" even though never calm? The concept of the norm is a most useful and even a most profitable one,[8a] though not mathematically definable and never seen in practice.

What is the specific practical importance for monetary theory of the conclusion that money has a "norm"? It is this: If we assume the existence of a "right," "normal," "equilibrium" volume of production from which gold then takes its slice, and if we assume that emotional factors are decisive in fixing this volume, then we are driven to the conclusion that mere mortals are unequal to forecasting these changing emotional factors and that therefore the production of money had better be left, very much as is the production of wheat or of steel or of women's hats, to the forces of demand and supply.

Some Unclear Sailing

All is not clear sailing in the leaving of money to the forces of demand and supply, however. One difficulty is that paper money, and also, to a large extent, bank credit money, are relatively costless products and cannot, therefore, wholly regulate themselves. If their production is to be made to conform to natural law, therefore, it must somehow be tied to something else in the economic field which is governed by natural law.

This does not mean that natural forces take a complete holiday in cases of overissuance of money. If we double the money supply, or, as in the case of Germany in 1922-1923, multiply it by a trillion,[9] then general prices—so long as they are left free—will tend to double or to multiply themselves by a trillion, with the result that, once the process is completed, we are back, in spite of ourselves, to the "right" amount of money again. People want so much money and no more, and when a bi-lateral equilibration between money and prices is blocked by the printing presses then a unilateral equilibration sets in from the side of prices only and corrects the maladjustment.

Unfairness of Price Rise

This rise in general prices is, of course, unfair to the innocent holders of money, bonds, etc., who have lost the purchasing power of that part of their labor which they unwisely turned into money. That is bad enough, but even worse is the absence, while the thing is going on, of any unit of reasonably fixed value in which contracts can be made. An employer must not only agree as to the wages he is ready to pay but he must also try to find some formula whereby his workmen (unlike the holders of government bonds, etc.) will not be cheated when they come to collect their money. Without such an "escalator" clause, the employer gains from higher prices while his workmen lose.

Obviously the equilibration should be a bi-lateral one with money taking its full part along with general prices; and, since no one knows the "right" amount of money, the question as to any proposed monetary base should, on this logic, be whether it does tend to subject the quantity of money to natural forces or not. Does Keynes' program meet this test, for instance?

Test for Keynes' Program

On this approach the first thing one notes about Keynes is his failure to provide any usable definition of the "full employment" which he tries to tie the quantity of money. Nor has our Federal Reserve Bank any definition of the "full employment" which Congress has charged it with providing. We lack any criterion for the wage level the refusal of which is supposed to make a man involuntarily unemployed and cannot say whether the wage for farm labor in Kansas is the right one or the wage for common labor in the City of New York. Is the rate of employment in the lazy tropics the "right" rate for the more vigorous north? How do we measure the fitness of a man for the kind of work he demands? No one has a really workable answer to these questions. The temptation of those charged with the task will be to dodge criticism by setting the employment standard too high. An excess of money will then be needed to achieve this over-high employment; general prices will tend to rise and nullify this excess of money; employment will then tend to fall back to its normal figure, whereupon another dose of excess money from the hypodermic needle will be called for. All this spells nothing but continued slow inflation with the next halt in our rakes' progress the melting point for silver coins!

The fact is that human nature will always seek to assert itself in opposition to any attempt to defy its normal laws. Thus even a mild inflation at the rate of only 2% a year, if continued long enough, is likely to raise interest rates by the 2% in order to compensate bond buyers for the loss in the purchasing power of their principal. And such an increase in rates, derived from apathy of bond buyers, perhaps, rather than from any shortage of money, as occurred in Germany in 1922-1923, can then go far toward wiping out what were, previously, inflationary profits, and thus bringing on a crash. For another illustration, hyper-employment, by making labor more and more independent of the good-will of employers, is likely to raise costs[10] and thus go far toward neutralizing the effect of forced feeding from the side of increased money. Natural forces are not easily cheated in these matters, and people, if they fail to get what they want in the ordinary way, are apt to try to get it by some other.

Although perhaps a digression, a further criticism of Keynes seems of importance to warrant interpolation. He is nowhere more emphatic than where he insists that a gold standard, with its high interest rates and low wages, is helpless to create employment except at the gold mines.[11] The following figures, although not precise, will give at least some idea of the contribution gold normally makes to expanding employment.

Present world population is about 2.8 billion. Assuming 40% as gainfully employed would then give us a *working* world population of 1.12 billion. Applying the average annual population increase of 1.5% to this figure gives a total *annual* working population increase of 16.8 million. The average per capita annual wages of these workers must be a guess but since we are including the Orient, Africa, South America and other very poor areas, a figure of $350 per year might not be too low. Taking that figure gives us an annual increase in money of 5.88 billions of dollars as sufficient to support an annual increase in the working population of 16.8 million workers.

Keynes would have led one to think that monetary expansion on a gold standard was totally inadequate to meet this increased need of money on account of wage and employment increase. Let us look at the facts. Gold, over the world as a whole, is being mined at the rate of around $1,200 million yearly.[12] Allowing half for use in the arts leaves us with $600 million as the total annual increase available for gold reserves. And if we then assume the conventional ratio of credit to gold of ten to one, we arrive at a figure of $6 billion of new money as annually available to support the annual increase in world wage payments of $5.88 billion. If we then make the further assumption, which is probably correct enough, that one dollar in new money will be enough to handle two dollars in new production, we find ourselves with another $6.12 billion of new credit available to handle what may be called the annual world "robot" population increase. If anyone supposes that gold mining is not reasonably sensitive to changes in its costs, he should look at the results of price and wage *inflation* in the World War I period when world gold production *fell* from 700 tons in 1913 to 476 tons in 1922 or by 32%.[12a]

There is some remote possibility that Keynes was talking only of the inability of the banks, at the bottom of a depression, to expand

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6 Noyes, Alexander D., *The War Period of American Finance, 1908-1925*, G. P. Putnam's Sons, New York, 1926, P. 105.

6a Hazlitt, Henry, *Op. cit.*, P. 21

7 Kemmerer, E. W., *Gold and the Gold Standard*, McGraw-Hill Book Co., Inc., N. Y., 1944, P. 120.

7a Hazlitt, Henry, *Keynes' Greatest Achievement*, The Commercial and Financial Chronicle, Sept. 11, 1958, P. 3.

7b *Ibid.*

8 Hardy, Charles O. *Is There Enough Gold?* The Brookings Institution, Washington, D. C., 1936, Pp. 9-40.

8a Bernard M. Baruch provides confirmation for this view. In *Baruch, My Own Story*, Pocket Books, Inc., N. Y., 1958, P. 51, after quoting his economics professor as saying:—"When prices go up two processes will set in—an increased production and a decreased consumption. The effect will be a gradual fall in prices. If prices get too low two processes will set in—decreased production, because a man will not continue to produce at a loss and, second, increased consumption. These two forces will tend to establish the normal balance" he then adds in his own words "Ten years later I became rich by remembering those words."

9 Schacht, Dr. Hjalmar, *The Stabilization of the Mark*, The Adelphi, Co., N. Y., 1927, P. 114.

10 Noyes, *Op. cit.*, Pp. 300 and also 346-347.

11 Keynes, J. M., *The General Theory of Employment, Interest and Money*, Harcourt, Brace and Co., N. Y., 1936, Pp. 7-8, 230-231, 234-235.

In view of the claims made by Keynes as to the inability of *laissez faire* and the gold standard to provide adequate employment, it is worth looking at the record. During the 48 years ending in 1907, England had an average of only 4.5% unemployed. (Beveridge, Sir W. H., *Employment, A Problem Of Industry*, Longmans Green and Co., London, 1909, Pp. 39 and 132) Whereas in the six years immediately preceding World War II, 1936-1941, incl., under Mr. Roosevelt, the United States had an unemployment average of 13.5%. (Beveridge, Sir W. H., *Full Employment in a Free Society*, W. W. Norton and Co., N. Y., 1945, P. 47) (My averaging in both cases). It seems fair to add, however, that both we and the British did better after World War II was over (*Statistical Yearbook of the United Nations for 1953*, Pp. 51-52, Table 8.).

12 *Federal Reserve Bulletin*, Nov. 1958, Board of Governors of the Federal Reserve System, Washington, D. C., P. 1361 for production outside Russia.

World Almanac and Book of Facts, 1959, N. Y. World-Telegram and Sun N. Y., P. 704 for latest estimate of Russian production (1938).

12a Layton, *Op. cit.*, P. 242.

credit and employment, but, if that was his meaning, he did not so limit his argument and in any case the point is worth making clear that a gold standard is quite capable of taking care of normal population increase, plus, if the past is a good index, an immigration increase also.

Having tried to show the usefulness of the concept of a general norm in analyzing Keynes' program I will now attempt briefly to use this concept to show errors in gold-standard thinking and practice.

Errors in Gold-Standard Thinking

(1) It has been frequently asserted that the chief use of gold was to settle international balances. On the arguments here presented the chief use of gold should be to tie the volume of credit and paper money to the forces of supply and demand, a very different service.

(2) For 20 years the Bank of England went on the principle of keeping only enough gold on hand to take care of its international needs and held its gold reserves between upper and lower limits, lowering rates when reserves rose above £38,000,000 and raising them when reserves fell below £33,000,000.[13] This, on the reasoning here submitted, was a mistake. Reserves should have been allowed to fix themselves, just as reserves do between Bisbee, Arizona and New York, for instance, or between Monaco and Paris. If the free-market price of gold is fixed and held constant, and if the volume of credit is held at or near some chosen ratio to gold, then a deficiency or excess of reserves can be depended upon, so long as the market continues free, to take care of itself. A 20-year increase in British gold reserves of only 1½% a year, even though not compounded and though £33,000,000 was taken as a base, would have raised British reserves to £42,900,000 by 1913 or well above the chosen maximum of £38,000,000. By fixing their upper limit at £38,000,000 the British thus prevented full normal credit expansion; their action was needlessly deflationary; and the incident shows how wrong it is to regulate reserves. They should be let find their own level.

(3) The proper function of a gold standard is often said to be that of maintaining stable general prices. But making money an agency with which to stabilize prices can conflict with the objective of enabling the forces of supply and demand to control the money supply. The attempt to hold prices stable was seriously tried in the later 1920s and led to one of the worst depressions in history. If each country stabilizes its own price level independently of every other, leaving exchange rates to dance, no unit is left in which to make international contracts. Did we have a world price index plus an international currency unit in which to settle foreign balances, then world prices might be stabilized on that index; but the problems of such a plan appear formidable at the moment. Our own Federal Reserve has seemed to vacillate between the stabilizing of prices, at one moment, and "full employment" at another, raising rates when prices got too high and lowering them when employment got too low. But this policy, if I have stated it correctly, has not avoided serious erosion of the value of the dollar which is now below that of the old "Dollar Mex."

(4) A further fault with conventional gold-standard management has been its lack of a specific program for halting reflation at the point where the banks became "loaned up." As result we have allowed booms to overrun and thus made corrective depressions practically inevitable. Below are figures to show how the theory of norms can help with the problem of applying the brakes to credit reflation gently and at the proper time.

Assuming a conventional gold standard with a ten to one ratio of credit to gold, and assuming that, at the bottom of a depression, we find ourselves with $20 billion of gold reserves, but with deposit credit shrunk to $170 billion (I omit paper money), the question is how to "reflate" credit back by $30 billion *in addition* to any credit increase due to intervening increases in gold reserves.

Reflation Errors

The wrong way to reflate is to encourage as rapid a re-expansion as possible of this $30 billion in some such pattern of annual additions as (after allowing for changes due to changes in gold reserves) $2; $4; $6; $8; $10 billion. By the end of five years we would then have booming business, rising prices, high "windfall" profits due to these rising prices, active speculation for still higher windfall profits. If this price rise is to be halted, then interest rates must be raised enough to smother *both* normal *and* windfall profits. And the trouble then is that the moment the price rise is halted, and expectation of further extraordinary profits due to higher prices vanishes, the whole false framework of expansion in reliance on these windfall profits is bound to crash. The temptation will be strong at such a time to shirk a sharp application of the brakes. But too gentle an application permits the boom to run well past normal level and makes a corrective deflation inevitable.

The theories heretofore presented suggest a different pattern for reflation of this $30 billion of unused credit. The halt should be called earlier and in some such annual steps as this: $2; $4; $6; $6; $6; $4; $2 billion. By such a program the braking process would be gradual, speculative activity in the final year would be reduced to a minimum, and the temptation to permit a boom to develop could be easily resisted.

The foregoing discussion has attempted to show the contribution to attack on Keynesian policy and to defense of the gold standard which rather simple revisions in conventional thinking on this whole subject have to offer. I have submitted that the concept of a "normal" level of general production is an almost indispensable and most convenient intellectual tool both for evaluating proposed monetary programs and for guiding current monetary policy. And I have also submitted that a most serious obstacle to world currency stabilization remains uncertainty as to our tariff policy. The final question then arises as to the prospect for a change in this tariff policy.

The Hope Ahead

A real hope appears in this—that world need of a sound peace agreement may persuade us, once the problem of Germany has been disposed of, to offer, as the price of our kind of peace, to join a customs union agreement pledged to slow freeing of world trade. Such an agreement would have the ultimate result of performing for the world the service which our Constitution has performed for us, in forbidding tariffs between our several states, and thus providing an unequalled market for mass production. With our country then committed as to future tariff policy, and general peace assured, there would remain no obstacle to a general return to a gold standard. The whole world longs for an alternative to present chaos. On the theories here presented, the key may be in our hands. If so then a wide understanding of the issues involved can be helpful.

FRANK CIST

Delray Beach, Fla.

13 Leaf, Walter, *Banking*, Thornton, Butterworth, Ltd., London, 1931, Pp. 45-46.

Fortnum V.-P. of Slayton & Co., Inc.

ST. LOUIS, Mo.—The appointment of Jack F. Fortnum as a Vice-President of Slayton & Co., Inc., 408 Olive Street, has been announced by Hilton H. Slayton, President of the company.

Jack F. Fortnum

Mr. Fortnum resigned as Vice-President of Federal Life & Casualty Co., in Battle Creek, Mich. to assume his new post. With the Slayton organization he will activate and direct a program for expanding the firm's sales operations at both the divisional manager and registered representative levels.

Cooperatives Banks Offers Debentures

The Banks for Cooperatives are offering today (March 12) a new issue of approximately $76,500,000 of 3½% six-month debentures, dated April 1, 1959 and maturing Oct. 1, 1959. Priced at par, the debentures are being offered through John T. Knox, fiscal agent, and a nationwide selling group of securities dealers.

Proceeds from the financing will be used to refund $82,500,000 of 2.85% debentures maturing April 1, 1959.

Exchange Firms Ass'n Govs. Meetings

The Board of Governors of the Association of Stock Exchange firms will hold its next meeting at the Pfister Hotel, Milwaukee, Wis., May 25 and 26.

An early fall meeting is scheduled for the Royal York Hotel in Toronto, Sept. 28 and 29.

Ralph J. Gay Opens

ARLINGTON, Va.—Ralph J. Gay is engaging in a securities business from offices at 1224 North Meade Street under the firm name of Ralph J. Gay Investment Co.

Schweickart to Admit

On March 12 Douglass C. Fonda and Gilbert C. Fonda will be admitted to limited partnership in Schweickart & Co., 29 Broadway, New York City, members of the New York Stock Exchange.

Form Exec. Securities

Executive Securities Co. has been formed with offices at 80 Wall Street, New York City, to engage in a securities business. A. Henry Fricke, Jr. is a principal.

Cullen Stanford Corp. Open

PEEKSKILL, N. Y.—Cullen Stanford Corp. is conducting a securities business from offices at 12 Cynthia Road. Officers are Stanford R. Gabaeff, President; Pearl S. Gabaeff, Secretary-Treasurer.

Richard F. Murphy With Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — Richard F. Murphy and George L. Golder have become associated with Schirmer, Atherton & Co., 634 Congress Street. Mr. Murphy was formerly Vice-President of Walter J. Hood Company, with which Mr. Golder was also associated.

Railroad Securities

Chesapeake & Ohio Railway

Earnings of Chesapeake & Ohio Railway this year are expected to show further improvement as compared with a year ago. The road is the largest bituminous coal carrier, but in recent years has been able to diversify its traffic by locating new industries and plants on line.

This has been a factor in maintaining earnings. Further aggressive moves are to be made to attract additional industrial traffic to the line. This would further broaden the road's revenue base and provide for better utilization of equipment and particularly of motive power.

Shipments of soft coal are increasing to the steel industry in view of higher operating rates at most mills. Industry in general is operating at a higher rate and this requires a growing use of coal. The utility industry continues to expand and requires additional tonnage of coal and this trend is expected to continue.

Last year, gross revenues of the C. & O. declined to $355,700,000 from $432,300,000 in 1957. However, net income for the year aggregated $51,700,000, equal to $6.36 as compared with $8.33 in the preceding year. It is interesting to note that although revenues dropped sharply, the carrier still was able to keep wage expenses under good control. The wage ratio last year increased to 45.2% from 43.3% in 1957, still one of the lowest in the industry. It is believed that because of this control that C. & O. will be less vulnerable to further wage increases, which seem likely later this year, than most of the nation's carriers.

C. & O. has developed a sound and tight cost control system. It has been able to cut back on expenditures as soon as gross revenues declined to a greater extent than the majority of railroads. This has enabled it to maintain fairly stable earnings over the years. In addition, it has made large capital expenditures over the years and its property is regarded as being in excellent physical condition. This is another factor which enables the railroad to cut back on expenses as gross revenues decline.

Working capital at the end of last year amounted to $55,000,000 as compared with $43,865,000 at the end of 1957 and $45,106,000 at the end of 1956. Working capital at the end of the year was at record levels, despite large capital expenditures for both roadway and equipment. C. & O. is one of the few roads which seldom issues equipment trust certificates, preferring to pay for new equipment, particularly locomotives, for cash or on an installment basis. This keeps fixed charges from increasing as the car fleet is expanded. With a heavier movement of bituminous coal the road should receive additional revenue from car rentals as its cars go off its own line and this could add substantially to net income in coming months.

With improvement in general business conditions, and particularly of heavy industry, C. & O. this year should show improvement in earnings over the preceding year and net income may approach $7 a common share as compared with the $6.36 reported in 1958. In view of good control over expenses the income might be even larger. The $4 annual dividend provides a return of better than 5%, or more than several of the carriers at current market levels.

Continued from page 2

The Security I Like Best

year, expenditures for sales work outstripped increased profits. We feel that this job has now been basically completed. What does this mean? To us, two things: First, that the Stuart Hall Company is firmly entrenched on a national basis for the distribution of its product. That sales therefore, are assured. Secondly, that sales will now increase as will profit margins while costs of doing business will tend to remain constant. This means simply that the Company has reached a peak in selling expenses while the peaks of sales and profits will come over the next few years. We look, therefore, not only for increased sales volume in 1959, but sharply increased profits.

If our determinations are correct, if the school population increases, if the sales of Stuart Hall climb because of their now established distributive network, if the profits climb at an even faster rate because of the leveling off of sales costs, and if the management continues their liberal dividend policy, then we think we will be justified in saying that Stuart Hall Company is the security we like best for those interested in assuming the risks of a small manufacturing company for the commensurate capital gains and liberal income present.

Richard Adams Joins E. I. Hagen & Co.

PORTLAND, Oreg.—Richard H. Adams has become associated with E. I. Hagen & Co., American Bank Building. Mr. Adams, who has

Richard H. Adams

been in the investment business in Portland for many years, was formerly manager of the trading department of Donald C. Sloan & Co.

Richard J. Buck & Co. To Admit New Partners

Richard J. Buck & Co., 39 Broadway, New York City, members of the New York Stock Exchange, on April 1 will admit Richard P. Aikin, Joseph L. Clasen, Joseph N. Olmsted and Daniel Van Dyke to general partnership, and Josephine M. Buck to limited partnership.

With A. E. Aub Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Lawrence E. McLaughlin is now with A. E. Aub & Co., Fifth Third Bank Building.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Aberdeen Fund, New York
March 9 filed (by amendment) an additional 1,000,000 shares. **Price**—At market. **Proceeds**—For investment. **Sponsor and Distributor**—David L. Babson Management Corp., New York.

Acme Oil Corp., Wichita, Kan.
Feb. 4 (letter of notification) 95,830 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For development of oil and gas properties. **Office**—Orpheum Bldg., Wichita, Kan. **Underwriter**—Lathrop, Herrick & Smith, Inc., Wichita, Kan.

Advanced Research Associates, Inc.
Dec. 1 filed 400,000 shares of common stock (par five cents). **Price**—$6 per share. **Proceeds**—For research and development program; and for equipment and working capital. **Office** — 4130 Howard Ave., Kensington, Md. **Underwriters** — Wesley Zaugg & Co., Kensington, Md., and Williams, Widmayer Inc., Washington, D. C.

★ Aida Industries, Inc.
March 16 (letter of notification) 50,000 shares of cumulative preferred stock (par 75 cents). **Price**—$1 per share. **Proceeds**—For general corporate puposes and woking capital. **Business**—Manufacture, sales and distribution of novelty items, toys and costume jewelry. **Office** — 146 West 28th St., New York, N. Y. **Underwriter** — Darius Inc., New York.

Alaska Juneau Gold Mining Co.
Dec. 29 filed 640,660 outstanding shares of common stock, of which 300,000 shares are to be offered currently and the remaining 340,660 shares in the future. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—6327 Santa Monica Boulevard, Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif. No public offering expected.

Alaska Mines & Metals Inc.
Feb. 25 filed 1,431,200 shares of common stock (par $1), of which 1,000,000 shares are to be offered publicly and 431,200 shares are to be reserved for sale to the holders of 6% debentures due 1962 issued by DeCoursey-Brewis Minerals Ltd., the company's parent (payment for the shares by such debenture holders may be made by delivery of debentures at par plus interest with premium for Canadian exchange rate). Purchasers will receive common stock purchase warrants on all shares purchased for cash or for the 6% debentures of the parent at the rate of one for each five shares purchased. **Price**—$1.25 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—423 Fourth Ave., Anchorage, Alaska. **Underwriter**—To be named by amendment.

● Alco Oil & Chemical Corp. (4/2)
March 5 filed 500,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Trenton Avenue and William Street, Philadelphia, Pa. **Underwriter**—Chace, Whiteside & Winslow, Inc., Boston, Mass.; and Ball, Burge & Kraus, Cleveland, Ohio.

Allied Publishers, Inc., Portland, Ore.
Nov. 28 (letter of notification) 22,000 shares of common stock (par $1). **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—665 S. Ankeny St. Portland 14, Ore. **Underwriter**—First Pacific Investment Corp., Portland, Ore.

American Asiatic Oil Corp.
Nov. 24 filed 100,000,000 shares of capital stock. **Price**—Two cents per share. **Proceeds**—To selling stockholders. **Office**—Magsaysay Building, San Luis, Ermita, Manila, Republic of Philippines. **Underwriter** — Gaberman & Hagedorn, Inc., Manila, Republic of Philippines.

American Buyers Credit Co.
Nov. 13 filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive on stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

● American Enterprise Fund, Inc., New York
Oct. 30 filed 487,897 shares of common stock. **Price**—At net asset value. **Proceeds**—For investment. **Distributor**—Edward A. Viner & Co., Inc., New York. **Offering**—Now being made.

American Growth Fund, Inc., Denver, Colo.
Nov. 17 filed 1,000,000 shares of capital stock (par one cent). **Price**—At market. **Proceeds**—For investment. **Office**—800 Security Building, Denver, Colo. **Underwriter**—American Growth Fund Sponsors, Inc., 800 Security Bldg., Denver 2, Colo

American Investors Syndicate, Inc.
Feb. 24 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For operation of an apartment hotel. **Office** — 513 International Trade Mart, New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, Louisiana.

American-Marietta Co.
Feb. 12 filed 3,500,000 shares of common stock (par $2) and 67,310 shares of 5% cumulative preferred stock (par $100) to be used in connection with the acquisition of stocks and assets of other companies, of which 677,900 shares of common stock and 2,500 shares of preferred stock have already been issued.

American Mutual Investment Co., Inc.
Dec. 17, 1957, filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds** — For investment in first trust notes, second trust notes and construction loans. Company may develop shopping menters and build or purchase office buildings. **Office**—900 Woodward Bldg., Washington, D. C. **Underwriter**—None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

American Telemail Service, Inc.
Feb. 17, 1958, filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York. **Change in Name**—Formerly United States Telemail Service, Inc. **Offering**—Expected early in 1959.

American Vitrified Products Co.
March 3 (letter of notification) 10,000 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of one share for each 20 shares held. **Price**—$30 per share. **Proceeds**—To reduce short-term bank borrowing and for working capital. **Office**—c/o Edgar L. Miller, President, 20725 Shaker Blvd., Shaker Heights, Ohio. **Underwriters**—E. R. Daveport & Co., Providence, R. I. and Merrill, Turben & Co., Inc., Cleveland, Ohio.

AMP Inc. (4/1)
March 9 filed 104,000 shares of endorsed common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Kidder, Peabody & Co., and Blyth & Co., Inc., New York.

★ Ampex Corp. (4/3)
March 12 filed 204,191 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held on April 2; rights to expire on April 17. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Blyth & Co., Inc., San Francisco and New York; and Irving Lundborg & Co., San Francisco, Calif.

● Amphenol-Borg Electronics Corp. (3/24)
March 3 filed 100,000 outstanding shares of common stock. **Price**—Related to the current market price on the New York Stock Exchange at time of offering. **Proceeds**—To selling stockholder. **Office**—1830 South 54th Ave., Chicago, Ill. **Underwriter**—Hornblower & Weeks, New York.

Armco Steel Corp. (4/1)
March 11 filed $75,000,000 of 25-year sinking fund debentures due 1984. **Price**—To be supplied by amendment. **Proceeds**—For plant expansion program. **Underwriter**—Smith, Barney & Co., New York.

Armstrong Uranium Corp.
Jan. 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Hepburn T. Armstrong, Round Up Heights, Cheyenne, Wyo. **Underwriter**—Bruno-Lencher, Inc., Pittsburgh, Pa.

Associated Bowling Centers, Inc.
Nov. 24 filed 300,000 shares of 20-cent cumulative convertible preferred stock (par one cent) and 50,000 outstanding shares of common stock (par one cent). The preferred shares are to be offered for public sale for the account of the company and the common shares will be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—To acquire new bowling centers and increase working capital (part to be used in defraying cost of acquisition of stock of owner of a Brooklyn (N.Y.) bowling center. **Office**—135 Front St., N. Y. **Underwriter** — To be named by amendment. **Offering**—Expected in two weeks.

Atlas Investment Co.
Feb. 3 filed 50,000 shares of common voting stock (par $10). **Price** — $25 per share. **Proceeds** — To purchase additional contribution certificates of Great Basin Insurance Co. **Office**—704 Virginia Street, Reno, Nev. **Underwriter**—None.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements; to buy additional ranch in Queensland, Australia; and for other corporate purposes. **Office**—1301 Avenue L, Cisco, Tex. **Underwriter**—None. Robert Kamon is President.

Automatic Canteen Co. of America
March 2 filed 292,426 shares of common stock, of which, the company proposes to issue 126,072 shares to A.M.I. Inc. for the latter's property and assets, and the remaining 166,354 shares are to be issued upon the exercise of stock options. **Underwriter**—None.

Bankers Fidelity Life Insurance Co.
Feb. 28, 1958, filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office**—Atlanta, Ga. **Underwriter**—None

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

Bargain City, U. S. A., Inc.
Dec. 29 filed 5,000,000 shares of class A common stock (no par). **Price**—$3 per share. **Proceeds**—For expansion and acquisition or leasing of new sites. **Office** — 2210 Walnut Street, Philadelphia, Pa. **Underwriter**—None.

Basic Atomics Inc.
March 5 filed 444,246 shares of common stock (par 10 cents). **Price**—At prevailing market price, in the Over-the-Counter Market. **Proceeds**—To selling stockholders. **Underwriter**—None.

Bellechasse Mining Corp. Ltd.
Oct. 29 filed 800,000 shares of common stock (par $1). **Price**—Related to market price on Canadian Stock Exchange, at the time the offering is made. **Proceeds**—To be applied over the balance of 1958 and the next three years as follows: for annual assessment work on the company's properties (other than mining claims in the Mt. Wright area in Quebec); for general prospecting costs; and for general administration expenses. **Office**—Montreal, Canada. **Underwriters** — Nicholas Modinos & Co. (Washington, D. C.) in the United States and by Forget & Forget in Canada. Statement effective Jan. 27.

★ Black Hills Power & Light Co. (4/3)
March 13 filed 32,198 shares of common stock (par $1), to be offered for subscription by holders of outstanding common stock on the basis of one new share for each 11shares held on or about April 2, 1959; rights to expire on or about April 16. **Price**—To be supplied by amendment. **Proceeds**—To be used for property additions and improvements and to repay some $400,000 of bank loans obtained primarily for such purpose. **Office**—621 Sixth St., Rapid City, S. Dak. **Underwriter**—Dillon, Read & Co. Inc., New York.

Bridgehampton Road Races Corp.
Oct. 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. **Price**—$4 per share. **Proceeds**—To pay current creditors. **Address** - P. O. Box-506, Bridgehampton, L. I., N. Y. **Underwriter** — None. **Offering**—Has been delayed.

★ Broad Street Investing Corp. (N. Y.)
March 12 filed (by amendment) an additional 2,500,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Brockton Edison Co. (4/22)
March 6 filed 40,000 shares of preferred stock (par $50). **Proceeds**—To reduce short-term bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler and Wood, Struthers & Co. (jointly); Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 22 at 49 Federal St., Boston, Mass.

Brookridge Development Corp.
Dec. 19 (letter of notification) $200,000 of 6% 15-year convertible debentures. **Price**—At par ($500 per unit). **Proceeds**—For expansion and working capital. **Office**—901 Seneca Ave., Brooklyn 27, N. Y. **Underwriter** — Sano & Co., 15 William St., New York, N. Y.

● Butler Brothers, Chicago, Ill.
Feb. 17 filed 30,000 shares of common stock being offered to certain Ben Franklin Franchise Holders. Company provides services and merchandise to Ben Franklin Stores. The offer expires on April 2, 1959. **Price**—$36.58 per share. **Proceeds**—For working capital. **Underwriters**—None. Statement effective March 5.

California Electric Power Co. (3/31)
Feb. 27 filed 300,000 shares of common stock (par $1). **Proceeds** — To reduce bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; The First Boston Corp., Carl M. Loeb, Rhoades & Co. and Bear, Stearns & Co. (jointly); White, Weld & Co.; and Kidder, Peabody & Co. **Bids**—To be received up to 9 a.m. (PST) on March 31 at office of O'Melvany & Myers, 433 So. Spring St., Los Angeles 13, Calif.

● California Financial Corp. (3/24)
Feb. 27 filed 100,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—San Jose, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

★ Cambridge Life Insurance Co.
March 5 (letter of notification) 300,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—To operate an insurance company. **Office**—1810 First National Bank Building, Denver 2, Colo. **Underwriter**—None.

★ Carlon Products Corp., Aurora, Ohio (4/1-3)
March 12 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital and other corporate purposes. **Business**—Manufacturer of plastic pipe and pipe fittings. **Underwriter**—Shearson, Hammill & Co., New York.

● C-E-I-R, Inc. (3/26)
Feb. 27 (letter of notification) 34,750 shares of class A common stock (par $1), of which 8,000 shares will be reserved for employees. **Price**—$6.50 per share. **Proceeds**—For working capital. **Office**—734 Fifteenth St., N. W., Washington, D. C. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

Cemex of Arizona, Inc.
Nov. 17 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Address**—P. O. Box 1849, 3720 E. 32nd Street, Yuma, Ariz. **Underwriter**—L. A. Huey Co., Denver, Colo.

★ Central Power & Light Co. (4/14)
March 16 filed $11,000,000 of first mortgage bonds, series I, due April 1, 1989. **Proceeds**—To finance part of company's construction costs and to prepay and discharge all bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lehman Brothers and Glore Forgan & Co. (jointly); Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., A. C. Allyn & Co., Inc., and Bear, Stearns & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on April 14.

Cerro de Pasco Corp.
March 4 filed $8,040,200 of 5½% subordinated debentures due 1979 (convertible until Dec. 31, 1968) and 61,522 shares of common stock to be issued to stockholders of Consolidated Coppermines Corp., which is to be dissolved and liquidated. **Underwriter**—None.

★ Channing Service Corp. (N. Y.)
March 12 filed (by amendment) an additional $20,000,000 of investment programs. **Proceeds**—For investment.

★ Charlottesville Parking Center, Inc.
March 4 (letter of notification) $408,000 of 6% discount debentures to mature July 1, 1974 together with 45,000 shares of common stock (par $1) being offered in units consisting of 150 shares of common and one $1,360 face amount discount debenture. **Price** — $1,000 per unit. **Proceeds**—To construct a parking lot for off street parking. **Office**—Charlottesville, Va. **Underwriter**—None.

★ Chemical Fund, Inc. (N. Y.)
March 12 filed (by amendment) an additional 2,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Chesapeake Life Insurance Co.
Feb. 26 (letter of notification) 8,500 shares of class B non-voting capital stock (par $10). **Price**—$35 per share. **Proceeds**—To increase capital and surplus. **Office**—611 St. Paul St., Baltimore 2, Md. **Underwriter**—White, Weld & Co., Baltimore, Md., and New York, N. Y.

Chicago Aerial Industries, Inc. (3/24)
Feb. 27 filed 160,000 shares of common stock (par $2), of which 80,000 shares are to be offered for the account of certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1980 North Hawthorne Ave., Melrose Park, Ill. **Underwriter**—Blyth & Co., Inc., New York.

★ Chrysler Corp., Detroit, Mich.
March 11 filed $10,000,000 of interests or participations in company's Thrift-Stock Ownership Program, together with 175,000 shares of common stock which may be acquired pursuant thereto.

City Lands, Inc., New York
Jan. 13 filed 100,000 shares of capital stock. **Price**—$20 per share. **Proceeds**—To invest in real estate. **Office**—Room 3748, 120 Broadway, New York, N. Y. **Underwriter**—Model, Roland & Stone, New York. **Offering**—Postponed indefinitely.

Cleveland Electric Illuminating Co. (3/24)
Feb. 18 filed $25,000,000 of first mortgage bonds, due 1984. **Proceeds** — Payment of bank loans and general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Dillon, Read & Co., Inc.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; and White, Weld & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on March 24 at Room 624, 55 Public Square, Cleveland 1, Ohio.

Clute Corp.
Aug. 21 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To pay additional costs of construction; and for retirement of obligations and working capital. **Office** — c/o John Harlan Lowell, 2200 Kenton, Aurora, Colo. **Underwriter**—Lowell, Murphy & Co., Inc., Denver, Colo.

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NEW ISSUE CALENDAR

March 19 (Thursday)
Texas Eastern Transmission Corp. .... Preferred
(Dillon, Read & Co., Inc.) $15,000,000

March 20 (Friday)
General Builders Corp. .... Debentures
(No underwriting) $2,131,000

March 23 (Monday)
General Transistor Corp. .... Common
(Kidder, Peabody & Co. and Hayden, Stone & Co.) 40,000 shares
High Point Chemical Co., Inc. .... Common
(Pearson, Murphy & Co., Inc.) $300,000
Ryder System, Inc. .... Common
(Blyth & Co., Inc.) 150,000 shares
Thermal Power Corp. .... Common
(J. Barth & Co.) $300,000
Thorneliffe Park Ltd. .... Debentures & Common
(Bache & Co.) 4,000 units
United States Servateria Corp. .... Common
(Van Alstyne, Noel & Co.) 275,000 shares

March 24 (Tuesday)
Amphenol-Borg Electronics Corp. .... Common
(Hornblower & Weeks) 100,000 shares
California Financial Corp. .... Common
(William R. Staats & Co.) 100,000 shares
Chicago Aerial Industries, Inc. .... Common
(Blyth & Co., Inc.) 160,000 shares
Cleveland Electric Illuminating Co. .... Bonds
(Bids 11 a.m. EST) $25,000,000
Investors Research Fund, Inc. .... Common
(Bache & Co.) $5,891,280
Montana Power Co. .... Bonds
(Bids 11 a.m. EST) $15,000,000

March 25 (Wednesday)
Eurofund, Inc. .... Common
(Glore, Forgan & Co.) $50,000,000
Food Fair Stores, Inc. .... Debentures
(Offering to stockholders—underwritten by Eastman Dillon, Union Securities & Co.) $21,750,000
F X R, Inc. .... Common
(C. E. Unterberg, Towbin Co.) 200,000 shares
Great Atlantic & Pacific Tea Co., Inc. .... Common
(Smith, Barney & Co., Morgan Stanley & Co., Kuhn, Loeb & Co. and Carl M. Loeb Rhoades & Co.) 1,800,000 shares
Miami Window Corp. .... Debentures
(Cruttenden, Podesta & Co. and Clayton Securities Corp.) $2,500,000
Ohio Edison Co. .... Bonds
(Bids to be invited) $30,000,000
Upper Peninsular Power Co. .... Common
(Kidder, Peabody & Co., Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) 40,000 shares

March 26 (Thursday)
C-E-I-R, Inc., Washington, D. C. .... Common
(Alex. Brown & Sons) $173,875
Texas & Pacific Ry. .... Equip. Trust Ctfs.
(Bids noon CST) $3,000,000

March 27 (Friday)
Gray Drug Stores, Inc. .... Debentures
(Offering to stockholders—underwritten by Merrill, Turben & Co., Inc.) $2,313,500
Inter-Mountain Telephone Co. .... Common
(Offering to stockholders—underwritten by Courts & Co.) 399,000 shares

March 30 (Monday)
Ford Motor Co. .... Common
(Blyth & Co., Inc.; The First Boston Corp.; Goldman, Sachs & Co.; Kuhn, Loeb & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.; and White, Weld & Co.) 2,000,000 shares
Glickman Corp. .... Common
(Bache & Co.) $33,577,000
Gold Seal Products Corp. .... Preferred
(S. D. Fuller & Co.) $1,250,000
Hoffman Motors Corp. .... Common
(Van Alstyne, Noel & Co.) $2,500,000
McQuay, Inc. .... Common
(Loewi & Co.) 50,000 shares
Ohio Power Co. .... Bonds
(Bids 11 a.m. EST) $25,000,000
Pacific Hawaiian Products Co. .... Common
(Dempsey-Tegeler & Co. and Morgan & Co.) 213,000 shares
Public Service Co. of New Mexico .... Preferred
(Allen & Co., Lehman Brothers, Bear Stearns & Co., E. F. Hutton & Co. and Salomon Bros. & Hutzler) $5,600,000
Scranton-Spring Brook Water Service Co. .... Debens.
(Offering to stockholders—underwritten by Allen & Co. $8,000,000

March 31 (Tuesday)
California Electric Power Co. .... Common
(Bids 9 a.m. PST) 300,000 shares
Monongahela Power Co. .... Bonds
(Bids 11 a.m. EST) $16,000,000

April 1 (Wednesday)
AMP, Inc. .... Common
(Kidder, Peabody & Co. and Blyth & Co., Inc.) 104,000 shares
Armco Steel Corp. .... Debentures
(Smith, Barney & Co.) $75,000,000
Carlon Products Corp. .... Common
(Shearson, Hammill & Co.) 100,000 shares
Columbia Gas System, Inc. .... Common
(Offering to stockholders—bids 11 a.m. EST) 1,799,057 shares
Graham-Paige Corp. .... Preferred
(Bache & Co.) $3,500,000
Hudson Bay iMning & Smelting Co., Ltd. .... Common
(White, Weld & Co.) 75,000 shares
Lock Joint Pipe Co. .... Common
(Kidder, Peabody & Co.) 166,716 shares
Patterson (M. F.) Dental Supply Co. of Delaware .... Common
(Stone & Webster Securities Corp.) 200,000 shares
Ritter Finance Co. .... Preferred
(Stroud & Co., Inc.) $1,500,000
Ritter Finance Co. .... Common B
(Stroud & Co., Inc.) 25,000 shares
Southern Pacific Co. .... Equip. Trust Ctfs.
(Bids noon EST) $7,620,000

April 2 (Thursday)
Alco Oil & Chemical Corp. .... Common
(Chace, Whiteside & Winslow, Inc. and Ball, Burge & Kraus) 500,000 shares
Gulf Power Co. .... Bonds
(Bids 11 a.m. EST) $7,000,000

April 3 (Friday)
Ampex Corp. .... Common
(Offering to stockholders—underwritten by Blyth & Co., Inc., and Irving Lundborg & Co.) 204,191 shares
Black Hills Power & Light Co. .... Common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc.) 32,198 shares
Western Massachusetts Companies .... Common
(Offering to stockholders—underwritten by The First Boston Corp. and White, Weld & Co.) 177,626 shares

April 6 (Monday)
Dalton Finance Inc. .... Debentures
(Paul C. Kimball & Co.) $500,000
Fed-Mart Corp. .... Common
(Eastman Dillon, Union Securities & Co.) $1,877,730
Harzfeld's Inc. .... Common
(Stern Brothers & Co.) 46,200 shares

April 7 (Tuesday)
Pittsburgh & Lake Erie RR. .... Equip. Tr. Ctfs.
(Bids to be invited) $2,475,000

April 8 (Wednesday)
Hawaiian Electric Co., Ltd. .... Bonds
(Dillon, Read & Co., Inc. and Dean Witter & Co.) $10,000,000

April 10 (Friday)
Erdman, Smock, Hosley & Read, Inc. .... Common
(Simmons & Co.) $300,000

April 13 (Monday)
Little (J. J.) & Ives Co. .... Common
(Shields & Co.) 250,000 shares

April 14 (Tuesday)
Central Power & Light Co. .... Bonds
(Bids 11 a.m. EST) $11,000,000
Louisiana Power & Light Co. .... Preferred
(Bids to be invited) $7,500,000

April 15 (Wednesday)
Wisconsin Power & Light Co. .... Bonds
(Bids 11:30 a.m. EST) $14,000,000

April 21 (Tuesday)
Diamond State Telephone Co. .... Debentures
(Bids to be invited) $5,000,000

April 22 (Wednesday)
Brockton Edison Co. .... Preferred
(Bids 11 a.m. EST) $2,000,000

April 24 (Friday)
Maine Public Service Co. .... Common
(Merrill Lynch, Pierce, Fenner & Smith and A. G. Becker & Co.) 50,000 shares

April 28 (Tuesday)
Public Service Co. of Colorado .... Bonds
(Bids 11 a.m. EDT) $20,000,000
Southern Nevada Power Co. .... Preferred
(May be Hornblower & Weeks; William R. Staats & Co. and First California Co.) $1,500,000

April 30 (Thursday)
Alabama Power Co. .... Bonds
(Bids to be invited) $20,000,000

May 12 (Tuesday)
El Paso Electric Co. .... Common
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) 76,494 shares
Southern Nevada Power Co. .... Bonds
(Bids 9 a.m. PST) $5,500,000
Southwestern Electric Power Co. .... Bonds
(Bids 11:30 a.m. EDT) $16,000,000

May 19 (Tuesday)
El Paso Electric Co. .... Bonds
(Bids 11 a.m. EST) $3,500,000
El Paso Electric Co. .... Preferred
(Bids 11 a.m. EST) $2,000,000

May 21 (Thursday)
Consolidated Natural Gas Co. .... Common
(Offering to stockholders—no underwriting) 821,256 shares

May 25 (Monday)
West Penn Power Co. .... Bonds
(Bids noon EST) $14,000,000

May 26 (Tuesday)
Consolidated Edison Co. of New York, Inc. .... Bonds
(Bids 11 a.m. EDT) $50,000,000 to $60,000,000

May 28 (Thursday)
Southern Electric Generating Co. .... Bonds
(Bids to be invited) $25,000,000

June 2 (Tuesday)
Public Service Electric & Gas Co. .... Debentures
(Bids to be invited) $30,000,000 to $40,000,000
Virginia Electric & Power Co. .... Common
(Bids to be received) $20,000,000 to $25,000,000

June 25 (Thursday)
Mississippi Power Co. .... Bonds
(Bids to be invited) $5,000,000

September 10 (Thursday)
Georgia Power Co. .... Bonds
(Bids to be invited) $18,000,000

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• Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price** — $205 per unit. **Proceeds**—For working capital. **Office**—Suite 421, 901 Sherman Street, Denver, Colo. **Underwriter**—Associated Securities 412 Main Street, Cedar Falls, Iowa.

Columbia Gas System, Inc. (4/1)
March 5 filed 1,799,057 shares of common stock (par $10) to be offered for subscription by common stockholders on the basis of one new share for each 15 shares held on April 1, 1959; rights to expire on April 20. **Price**—To be named on March 31. **Proceeds**—To finance System construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, White, Weld & Co., Shields & Co. and R. W. Pressprich & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on April 1 at 120 East 41st St., New York 17, N. Y.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co., Salt Lake City, Utah.

Cooperative Grange League Federation Exchange, Inc.
March 6 filed $250,000 of 4% subordinated debentures, 15,000 shares of 4% cumulative preferred stock, and 300,000 shares of common stock. **Price**—$100 per debenture, $100 per preferred share, and $5 per common share. **Proceeds**—From the sale of the common stock will be used, in part, to repurchase such outstanding common shares as the holders elect to tender for redemption, the balance to be added to working capital; the proceeds from the debentures will be used to reduce short-term bank loans; the proceeds from the preferred stock will be used principally to provide funds for the repurchase of the company's outstanding 4% cumulative preferred stock and to provide funds to be advanced to its subsidiary, Cooperative G. L. F. Holding Corp., for similar purposes. **Office**—Terrace Hill, Ithaca, N. Y. **Underwriter**—None.

• Cormac Chemical Corp.
Jan. 22 filed 108,667 units of 108,667 shares of common stock (par one cent) and 108,667 common stock purchase warrants, each unit consisting of one common share and one warrant, to be offered for subscription by holders of the common stock of Cormac Photocopy Corp. at the rate of one such unit for every six shares of Cormac Photography common held. **Price**—$2 per unit. **Proceeds**—To finance the company's development and marketing program. **Office**—80 Fifth Avenue, New York, N. Y. **Underwriter**—Ross, Lyon & Co. Inc., New York.

★ Crowell-Collier Publishing Co.
March 16 filed 145,398 shares of common stock, including (a) shares which are being offered from time to time by company to certain key management employees of company and its subsidiaries under a stock option plan; and (b) shares heretofore purchased or to be purchased by optionees under said plan upon exercise of options granted pursuant to the plan, which may be resold by such persons to the public from time to time. **Proceeds**—To selling stockholders.

Cryogenic Engineering Co.
Sept. 22 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For repayment of loan; purchase of plant and office equipment; raw materials and supplies; and for working capital, etc. **Office**—U. W. National Bank Bldg. 1740 Broadway, Denver, Colo. **Underwriter**—L. A. Huey Denver, Colo

• Dalton Finance, Inc. (4/6-10)
March 9 filed $500,000 of 7% subordinated debentures, due Jan. 2, 1974, with attached warrants for the purchase of 100,000 shares of class A common stock. **Price** —At face amount (in units of $500 each). **Proceeds**—To finance making of additional loans and to reduce short-term debt. **Office**—3800-34th St., Mt. Rainier, Md. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill., on a best efforts basis.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For new equipment, repayment of loan, acquisition of properties under option, and other corporate purposes. **Office**—Toronto, Canada, and Emporium, Pa **Underwriter**—None.

Diversified Inc., Amarillo, Texas
Jan. 6 filed 300,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For acquisition of undeveloped real estate, for organization or acquisition of consumer finance business, and balance to be used for working capital. **Underwriter** — Investment Service Co., Denver, Colo., on a best efforts basis.

★ Eifun Trusts, New York
March 17 filed (by amendment) an additional 150,000 of Trustees' Certificates, aggregating $5,949,765. **Proceeds** —For investment.

Emerite Corp.
Jan. 19 (letter of notification) 250,000 shares of series 3 common stock (no par) to be offered for subscription by stockholders on the basis of one share of series 3 stock for each three shares of series 1 and/or series 2 common stock held; unsubscribed shares to other stockholders. Rights expire 30 days from offering date. **Price**—$1 per share. **Proceeds**—For working capital. **Office**—333 S. Farish Street, Jackson, Miss. **Underwriter** —None.

Erdman, Smock, Hosley & Read, Inc. (4/10)
Feb. 26 (letter of notification) 100,000 shares of class A common stock and 10,000 stock purchase warrants, to be offered in units of 10 shares of stock and one warrant. **Price**—$30 per unit. **Proceeds** — For general corporate purposes. **Office** — 1003 Sixth St., N. W., Washington, D. C. **Underwriter**—Simmons & Co., New York.

• Eurofund, Inc. (3/25-4/1)
Feb. 26 filed 2,500,000 shares of common stock (par $1). **Price**—$20 per share. **Proceeds**—For investment. **Office** —14 Wall St., New York. **Underwriter**—Glore, Forgan & Co., New York.

Evans Grocery Co., Gallipolis, Ohio
Feb. 9 (letter of notification) 30,027 shares of common stock (par $3.33⅓). **Price**—$8 per share. **Proceeds**—To selling stockholders. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

Federated Corp. of Delaware
Dec. 29 filed $918,000 of 6% convertible subordinated debentures due 1968. The company proposes to offer $210,000 of the debentures to purchase the capital stock of Consumers Time Credit, Inc., a New York company; $442,000 of the debentures in exchange for Consumers debentures; and $226,000 of the debentures in exchange for the outstanding 12% debentures of three subsidiaries of Federated. **Office**—1 South Main Street, Port Chester, N. Y. **Underwriter**—None.

Federated Finance Co.
Nov. 17 (letter of notification) $300,000 of 10-year 6% senior subordinated debentures. **Price**—At par (in denominations of $1,000 each). **Proceeds** — For working capital, to make loans, etc. **Office**—2104 "O" St., Lincoln, Neb. **Underwriters** — J. Cliff Rahel & Co. and Eugene C. Dinsmore, Omaha, Neb.

★ Fed-Mart Corp. (4/6-10)
March 16 filed 170,700 shares of common stock. **Price**— $11 per share. **Proceeds**—For acquisition of land, buildings and fixtures for two new stores; for expansion of operations of Reid Oil Co., a subsidiary; to reduce debt; and for working capital. **Office**—8001 Athello St., San Diego, Calif. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

• Filmways, Inc.
Feb. 27 (letter of notification) 12,903 shares of common stock (par 25 cents). **Price** — At market (estimated at $7.75 per share). **Proceeds**—To selling stockholder. **Office**—18 East 50th St., New York 22, N. Y. **Underwriters** —H. N. Whitney, Goadby & Co., New York. No public offer planned.

Finance For Industry, Inc.
Dec. 16 filed 200,000 shares of class A common stock **Price**—At par ($1.50 per share). **Proceeds**—For working capital. **Office**—508 Ainsley Bldg., Miami, Fla. **Underwriter** — R. F. Campeau Co., Penobscot Bldg., Detroit, Mich.

First Virginia Corp.
Feb. 12 filed 1,154,730 shares of class B common stock (par $1), to be offered in exchange for 38,491 shares of common stock of Old Dominion Bank at the rate of 30 shares of First Virginia class B stock for each one share of Old Dominion common stock.

Florida Builders, Inc.
Dec. 1 filed $4,000,000 of 6% 15-year sinking fund subordinated debentures and 40,000 shares of common stock, to be offered in units of $100 principal amount of debentures and one share of common stock. **Price** — $110 per unit. **Proceeds**—For purchase and development of subdivision land including shopping site; for new equipment and project site facilities; for financing expansion program; and for liquidation of bank loans and other corporate purposes. **Office**—700 43rd St., South, St. Petersburg, Fla. **Underwriter**—None.

Fluorspar Corp. of America
Feb. 5 (letter of notification—as amended) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—4334 S. E. 74th Ave., Portland 6, Ore. **Underwriter**—Evergreen Securities, Inc., 4314 N. E. 96th Ave., Portland, Ore.

• Food Fair Stores, Inc. (3/25)
Feb. 27 filed $21,750,000 of 20-year convertible subordinated debentures due 1979 to be offered initially for subscription by common stockholders of record on or about March 24, 1959, on the basis of $100 principal amount of debentures for each 25 shares of common stock held; rights to expire on April 10, 1959. **Price**— At par (flat). **Proceeds** — For general corporate purposes, including additional working capital and future capital expenditures. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

★ Ford Motor Co., Dearborn, Mich. (3/30-4/3)
March 12 filed 2,000,000 shares of common stock (par $5). **Price**—To be related to current market quotations on the New York Stock Exchange. **Proceeds**—To the Ford Foundation, the selling stockholder. **Underwriters** — Blyth & Co., Inc., The First Boston Corp., Goldman, Sachs & Co., Kuhn, Loeb & Co., Lehman Brothers, Merril Lynch, Pierce, Fenner & Smith, Inc., and White, Weld & Co., all of New York.

Foster-Forbes Glass Co., Marion, Ind.
Feb. 25 filed 30,000 shares of common stock (par $1.50). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — Raffensperger, Hughes & Co., Inc., Indianapolis, Ind.

Foundation Investment Corp., Atlanta, Ga.
Jan. 13 filed 231,988 shares of common stock to be offered for subscription by stockholders; unsold portion to be offered publicly. **Price**—$12.50 per share. **Proceeds** —To repay notes. **Office**—515 Candler Bldg., Atlanta, Ga. **Underwriter**—None.

F X R, Inc., New York (3/25-26)
March 3 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be sold for the account of selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—To redeem at par $127,500 of 6% debenture bonds due July 2, 1972, which are owned in equal shares by the selling stockholders, and to repay $250,000 of short-term notes payable to Manufacturers Trust Co.; to acquire machinery and equipment; for expansion and working capital. **Underwriter** — C. E. Unterberg, Towbin Co., New York.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co. Inc., and The First Boston Corp. (jointly), Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co (jointly). **Bids**—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C. but bidding has been postponed.

General Builders Corp., New York (3/20)
Feb. 26 filed $2,131,000 of 6% subordinated debentures, due April 30, 1963, with detachable warrants to purchase 213,100 shares of common stock (each $100 debenture will be accompanied by a warrant for the purchase for cash of 10 common shares at $3 per share at any time beginning Oct. 30, 1959 to and including April 30, 1969). The company proposes to offer holders of its outstanding common stock and its outstanding cumulative preferred stock of record March 20, 1959, the right to subscribe to a total of $1,631,000 of the debentures with warrants. The remaining $500,000 of debentures with warrants are to be sold to a group of purchasers (who are also stockholders of the company) who have agreed also to purchase certain additional amounts of debentures with warrants if subscription rights are not exercised in at least the amount of $500,000. **Price**—$100 per unit. **Proceeds**—To repay promissory notes, and the balance, if any, will be added to working capital, to be used in part to reimburse the company's treasury for payments made upon the acquisition of land and as working capital for such building projects as the company may undertake. **Office**—2413 Third Ave., New York, N. Y. **Underwriter**—None.

★ General Electric Co.
March 17 filed 900,000 additional shares of common stock, for offering under the company's 1958 Stock Option Plan, plus those shares under the 1953 Plan, previously registered for which options had not been granted at April 21, 1958, or for which options granted have been or will be forfeited under the provisions of said Plan. A total of 3,922,421 shares of the company's common stock are to be offered to key employees of the company and its subsidiaries. **Underwriter**—None.

General Merchandising Corp., Memphis, Tenn.
Feb. 18 filed 250,000 shares of class "A" common stock (par one cent). **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

★ General Tire & Rubber Co.
March 13 filed $15,000,000 of participations in the company's Third Employees' Stock Purchase Plan, together with an unspecified number of shares of common stock which may be acquired under the plan.

• General Transistor Corp. (3/23-27)
March 5 filed 40,000 shares of common stock. The filing also includes an additional 26,841 shares of common stock to be offered pursuant to options granted or to be granted to officers and key employees of the company. **Price**—Related to market price on the American Stock Exchange. **Proceeds**—For new construction, machinery and equipment and working capital. **Underwriters** — Kidder, Peabody & Co. and Hayden, Stone & Co., both of New York.

★ Glickman Corp. (3/30-4/3)
March 13 filed 3,357,700 shares of common stock. **Price** —$10 per share. **Proceeds** — For properties, furniture, fixture and leasehold improvements and other expenses. **Office**—565 Fifth Ave., New York, N. Y. **Underwriter** —Bache & Co., New York, N. Y.

Gold Seal Products Corp. (3/30-4/3)
March 2 filed 125,000 shares of 6½% cumulative convertible preferred stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To be applied towards the balance due on a mortgage held by A. J. Armstrong Co., Inc.; to the prepayment of certain indebtedness secured by accounts receivable; in prepayment of two promissory notes; and the balance for working capital. **Underwriter** —S. D. Fuller & Co., New York.

Government Employees Variable Annuity Life Insurance Co.
Nov. 13 filed 2,500,000 shares of common stock (par $1) to be offered by company viz: (1) to holders of common stock (par $4) of Government Employees Insurance Co., on the basis of one warrant per share of stock held (1,334,570 shares are now outstanding); (2) to holders of common stock (par $1.50) of Government Employees Life Insurance Co., on the basis of 1½ warrants per share of stock held (216,429 shares are now outstanding); and (3) to holders of common stock (par $5) of Government

Employees Corp., on the basis of ½ warrant per share of stock held (as of Dec. 31, 1958 there were 143,703 shares of stock outstanding and $589,640 of 5% convertible capital debentures due 1967, convertible into shares of common at $28.0374 per share. If all these debentures were converted into common stock prior to the record date, a total of 164,733 common shares would be outstanding. **Price**—$3 per share. **Proceeds**—For capital and surplus. **Office**—Government Employees Insurance Bldg., Washington, D. C. **Underwriters** — Johnston, Lemon & Co., Washington, D. C.; Eastman Dillon, Union Securities & Co., New York; and Abacus Fund, Boston, Mass. **Offering**—Indefinitely postponed pending Supreme Court decision on variable annuities.

● Graham-Paige Corp. (4/1-2)
March 11 filed 350,000 shares of 6% cumulative preferred stock (par $10 — convertible until April, 1969). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred in connection with purchase of capital stock of Madison Square Garden Corp. **Business**—A closed-end non-diversified management investment company. **Underwriter**—Bache & Co., New York.

● Gray Drug Stores, Inc. (3/27)
March 6 filed $2,313,500 of convertible debentures due 1974, to be offered for subscription by common stockholders of record on or about March 27, 1959, on the basis of $100 of debentures for each seven shares held; rights to expire on April 14. **Price**—To be supplied by amendment. **Proceeds**—To retire term loan indebtedness and the balance of note issued by the company as part of the consideration for the assets of The King Drug Co.; for capital expenditures; and the balance for working capital. **Underwriter** — Merrill, Turben & Co., Inc., Cleveland, Ohio.

Great Atlantic & Pacific Tea Co., Inc. (3/25)
March 4 filed 1,800,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters** — Smith, Barney & Co., Morgan Stanley & Co., Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., all of New York.

Great Lakes Natural Gas Co., Inc.
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For drilling wells and working capital. **Office**—632 W. 9th St., Erie, Pa. **Underwriter**—John G. Cravin & Co., New York.

★ Greater All American Markets, Inc.
March 17 filed 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For advance rental payments, purchase of inventories and working capital. **Business**—Operates eight super markets. **Office**—7814 East Firestone Blvd., Downey, Calif. **Underwriter**—J. Barth & Co., San Francisco, Calif. **Offering**—Expected sometime in April.

Gridoil Freehold Leases Ltd.
Feb. 5 filed 563,600 shares of common stock to be offered in exchange for $2,818,000 of 5½% convertible sinking fund redeemable notes, series A, due July 1, 1976, on the basis of 200 shares for each $1,000 note. **Office**—330 Ninth Avenue, West, Calgary, Canada.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment. **Office** — 1825 Connecticut Avenue, Washington, D. C. **Investment Advisor** — Investment Advisory Service, Washington, D. C. **Underwriter**—Investment Management Associates, Inc., Washington, D. C.

★ Guaranty Investment & Mortgage Corp.
March 9 (letter of notification) $50,000 of 8% promissory notes due six months after the date thereof upon demand or in two years without demand. **Price**—At par (in denominations of $100, $250 and $500 each). **Proceeds** — For all types of mortgage notes. **Office** — 819 Kennedy Street, N. W., Washington, D. C. **Underwriter**—None.

Gulf Power Co. (4/2)
March 6 filed $7,000,000 of first mortgage bonds due April 1, 1989. **Proceeds**—To repay short-term bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blyth & Co., Inc. **Bids**—To be received up to 11 a.m. (EST) on April 2 at Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y.

★ Harvestaire, Inc.
March 11 (letter of notification) not to exceed 4,006 shares of common stock (no par) to be offered by company for subscription by stockholders. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—411 Financial Center Building, Oakland 12, Calif. **Underwriter**—None.

● Harzfeld's, Inc., Kansas City, Mo. (4/6-10)
March 11 filed 46,200 shares of common stock (par $4), of which 7,500 shares are to be sold for company's account and 38,700 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

★ Hawaiian Electric Co., Ltd. (4/8)
March 16 filed $10,000,000 of first mortgage bonds, series K, due March 15, 1989. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Dillon, Read & Co. Inc., New York; and Dean Witter & Co., San Francisco, Calif.

Heartland Development Corp.
Oct. 23 (letter of notification) 22,820 shares of non-voting convertible preference stock (par $12) to be offered for subscription by stockholders on the basis of one share of convertible preference stock for each 10 shares of common stock held on or about Nov. 1, 1958. Stockholders will have 45 days in which to exercise the rights. **Price** — At par. **Proceeds** — To repay debts, acquisition of investments, and for general purposes. **Address**—P. O. Box-348, Albany, N. Y. **Underwriter**—None.

Heliogen Products, Inc.
Oct. 22 (letter of notification) 28,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For payment of past due accounts and loans and general working capital. **Office** — 35-10 Astoria Blvd., L. I. C. 3, N. Y. **Underwriter**—Albion Securities Co., Suite 1512, 11 Broadway, New York 4, N. Y.

★ Hermetic Seal Corp.
March 9 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For payment of the balance of owed moneys to creditors; to equip a plant in the Midwest area; for a modern research development laboratory and working capital. **Office**—744 Broad St., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

★ Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo.

High Point Chemical Co., Inc. (3/23-27)
March 3 (letter of notification) 300,000 shares of common stocks (par 10 cents). **Price**—$1 per share. **Proceeds**—For production equipment for nylon conversion process; to establish factory and offices and for working capital. **Office** — 44 Shore Drive, Great Neck, N. Y. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Highway Trailer Industries, Inc.
Nov. 24 filed 473,000 outstanding shares of common stock (par 25 cents). **Price**—At prices generally prevailing on the American Stock Exchange. **Proceeds** — To selling stockholders. **Office**—250 Park Avenue, N. Y. **Underwriter**—None.

Hinsdale Raceway, Inc., Hinsdale, N. H.
Dec. 29 filed capital trust certificates evidencing 1,000,000 shares of capital stock, and 2,000 debenture notes. **Price**—The common stock at par ($1 per share) and the notes in units of $500 each. **Proceeds**—For construction of a track, including land, grandstand, mutual plant building, stables and paddock, dining hall, service building, administrative building, penthouse, tote board and clubhouse. **Underwriter**—None.

Hoffman Motors Corp. (3/30-4/3)
March 9 filed 260,000 shares of common stock (par $1), of which 250,000 shares are to be publicly offered and 10,000 shares to officers and employees. **Price**—$10 per shares to public; $9 to employees. **Proceeds**—To selling stockholder. **Underwriter** — For public offering; Van Alstyne, Noel & Co., New York.

Home-Stake Production Co., Tulsa, Okla.
Nov. 5 filed 116,667 shares of common stock (par $5). **Price**—$6 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — 2202 Philtower Bldg., Tulsa, Okla. **Underwriter**—None.

● Home Telephone & Telegraph Co. of Virginia
Feb. 19 filed 92,160 shares of capital stock being offered for subscription by stockholders of record Feb. 27, 1959, on the basis of one new share for each four shares held; rights to expire on April 3. **Price**—At par ($5 per share). **Proceeds**—To repay short-term bank loans. **Underwriter**—None. Statement effective March 10.

Hudson Bay Mining & Smelting Co., Ltd. (4/1)
March 6 filed 75,000 shares of capital stock (no par). **Price**—To be related to market price on the New York Stock Exchange. **Proceeds**—To selling stockholder. **Underwriter**—White, Weld & Co., New York.

Imperial Growth Fund, Inc.
March 2 filed 600,000 shares of common stock. **Price**—At market. **Proceeds** — For investment. **Office** — 60 Marquette Ave., Minneapolis, Minn. **Underwriter** — Minneapolis Associates, Inc., Minneapolis, Minn.

Indiana Steel Products Co.
Feb. 26 filed 42,193 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one share for each seven shares held on or about March 18, 1959; rights to expire on or about April 2. **Price**—To be supplied by amendment. **Proceeds**—For construction, machinery and equipment, and to provide additional funds for working capital and other corporate purposes. **Office**—405 Elm St., Valparaiso, Ind. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn. **Offering**—Expected today (March 19).

Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To develop and operate graphite and mica properties in Alabama. **Underwriters**—Dearborn & Co. and Carr-Rigdom & Co., both of Washington, D. C., on a best efforts basis. Statement effective Nov. 18.

Inter-Mountain Telephone Co. (3/27)
March 5 filed 399,000 shares of voting common stock, which is to be offered for subscription by common stockholders of record March 20, 1959, on the basis of two new shares for each five shares then held; rights to expire on April 10. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term notes to banks. **Underwriter**—Courts & Co., Atlanta, Ga. and New York, for 219,341 shares; balance to be offered to two principal stockholders—Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia.

● International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

Investment Corp. of Florida
Oct. 9 (letter of notification) 55,555 shares of common stock (par two cents). **Price**—$4.50 per share. **Proceeds**—For capital account and paid-in surplus. **Office**—Atlantic Federal Building, 1750 E. Sunrise Boulevard, Ft. Lauderdale, Fla. **Underwriter**—None.

Investors Funding Corp. of New York
Feb. 17 filed $500,000 of 10% subordinated debentures due July 31, 1964, to be offered in units of $1,000. **Price**—At 100% of principal amount. **Proceeds**—For investment. **Office**—511 Fifth Ave., New York, N. Y. **Underwriter**—None.

● Investors Research Fund, Inc. (3/24)
Jan. 9 filed 490,940 shares of common stock. **Price**—$12 per share. **Proceeds**—For investment. **Office**—922 Laguna St., Santa Barbara, Calif. **Investment Advisor**—Investors Research Co., Santa Barbara, Calif. **Underwriter**—Bache & Co., New York.

★ Investors Syndicate of America, Inc.
March 16 filed (by amendment) $161,000,000 installment face amount certificates. **Office**—Minneapolis, Minn.

● Itek Corp.
Feb. 12 filed 178,842 shares of common stock (par $1), of which a total of 164,842 shares are being offered for subscription by stockholders at the rate of one new share for each four shares held on March 10, 1959; rights to expire on March 20. The remaining 14,000 shares are being offered to eligible employees. **Price** — $30 per share. **Proceeds**—To be used for acquisition of Photostat Corp.; to purchase additional laboratory, production and other equipment; towards construction of a new building on a plant site in Lexington, Mass.; and the balance for general corporate purposes. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

Itemco Inc.
Nov. 28 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To acquire machinery and equipment and additional space for test laboratories; and for working capital. **Office**—4 Manhasset Ave., Port Washington, L. I., N. Y. **Underwriter** — B. Fennekohl & Co., 205 East 85th St., New York, N. Y.

★ Kratter Corp., New York
March 16 filed 2,719,950 shares of class A stock and 300,000 shares of class B stock, of which a maximum of 2,457,450 shares of class A stock are to be offered in exchange for units in certain limited partnerships. Company sold on March 14 a total of 250,000 class A shares at $10 per share, and on March 4 a total of 300,000 class B shares at $1 per share to certain persons. **Office**—521 Fifth Avenue, New York, N. Y. **Underwriter**—None.

★ Kwik Manufacturing Co.
March 11 (letter of notification) 125 shares of common stock (par $100). **Price**—$500 per share. **Proceeds**—For working capital. **Office** — 700 Fifth Avenue, South, Seattle, Wash. **Underwriter**—None.

Laure Exploration Co., Inc., Arnett, Okla.
Dec. 23 filed 400,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For machinery and equipment and exploration purposes. **Underwriter**—None.

Lefcourt Realty Corp.
Jan. 29 filed 3,492,000 shares of common stock, of which 2,622,000 shares were issued in exchange for all of the common stock of Desser & Garfield, Inc., and D. G. & R., Inc.; 750,000 shares will be used for the exercise of an option by the company to purchase from Big Mound Trail Corp. some 3,784.9 acres of land on or before May 1, 1959; and the remaining 120,000 shares are to be sold for the account of a selling stockholder. **Underwriter**—None.

★ Little (J. J.) & Ives Co. (4/13-17)
March 18 filed 250,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital to be used principally in producing The American Oxford Encyclopedia. **Underwriter**—Shields & Co., New York.

Lock Joint Pipe Co. (4/1)
March 3 filed 166,716 shares of common stock (par 33⅓ cents), of which, 136,716 shares are to be sold for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Kidder, Peabody & Co., New York.

Lorain Telephone Co.
Feb. 11 (letter of notification) 1,562 shares of common stock (no par) to be offered for subscription by stockholders on a pro rata basis at the rate of one new share for approximately each 75.1120 shares held at the close of business on Feb. 2, 1959. **Price**—$32 per share. **Proceeds** — To reimburse the treasury. **Office** — 203 W. Ninth St., Lorain, Ohio. **Underwriter**—None.

Louisiana Power & Light Co. (4/14)
March 3 filed 75,000 shares of cumulative preferred stock (par $100). **Proceeds**—For property improvements and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable

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Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids** — Expected to be received up to 11:30 a.m. (EST) on April 14 in Room 2033, Two Rector St., New York, N. Y.

★ Lucy Gray Gold Mining Co.
March 6 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office** — 1342 Melville Drive, Las Vegas, Nev. **Underwriter**—None.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For the acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. **Offices**—Wilmington, Del., and Emporium, Pa **Underwriter**—None.

★ Lumbermen's Investment Corp. of Texas
March 5 (letter of notification) 5,000 shares of common stock (par $10). **Price**—$13.12 per share. **Proceeds**—For working capital. **Office** — 518 Scarborough Building, Austin, Texas. **Underwriter**—None.

Magic Mountain, Inc., Golden, Colo.
Jan. 27 filed 2,250,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—For construction and working capital. **Underwriter** — Allen Investment Co., Boulder, Colo., on a best-efforts basis.

● McQuay, Inc. (3/30-4/3)
March 9 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and working capital . **Office**—1600 Broadway Northeast, Minneapolis, Minn. **Underwriter**—Loewi & Co., Inc., Milwaukee, Wis.

★ Mergenthaler Linotype Co., Brooklyn, N. Y. (4/7)
March 17 filed 116,541 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each four shares held of record April 6, 1959. An additional 29,000 shares are being or will be offered pursuant to the company's Employee Stock Option Plan. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be used for corporate purposes. **Underwriter**—None.

Miami Window Corp., Hialeah, Fla. (3/25)
Feb. 25 filed $3,500,000 of 6½% debentures due 1974 (with stock purchase warrants attached), and 150,000 shares of 70-cent convertible preferred stock (par $8). **Price**—Of debentures, at par; and of preferred stock, $10 per share. **Proceeds**—To pay accounts payable and for general corporate purposes. **Underwriters**—Cruttenden, Podesta & Co., Chicago, Ill.; and Clayton Securities Corp., Boston, Mass.

Mid-America Minerals, Inc.
Jan. 19 filed 100 units of participations in Oil and Gas Fund (the "1959 Fund"). **Price**—$15,000 per unit. **Proceeds** — For working capital, etc. **Office** — 500 Mid-America Bank Bldg., Oklahoma City, Okla. **Underwriter**—Midamco, Inc., a wholly-owned subsidiary, Oklahoma City, Okla.

★ Midwest Technical Development Corp.
March 17 filed 400,000 shares of common stock. **Price**—$3.75 per share. **Proceeds**—For general corporate purposes. **Office**—Minneapolis, Minn. **Underwriter**—None.

Millsap Oil & Gas Co.
Dec. 23 filed 602,786 shares of common stock. **Price**—$1 per share. **Proceeds** — For additional working capital. **Office**—Siloam Springs, Ark. **Underwriter**—None.

Monongahela Power Co. (3/31)
Feb. 24 filed $16,000,000 of first mortgage bonds due April 1, 1984. **Proceeds**—For construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc.; Equitable Securities Corp.; W. C. Langley & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on March 31 at West Penn Electric Co.'s office, 50 Broad St., New York, N. Y.

● Montana Power Co. (3/24)
July 1 filed $20,000,000 (amended later to $15,000,000) of first mortgage bonds due 1989. **Proceeds**—Together with other funds, to be used to repay $15,500,000 in bank loans and to carry on the company's construction program through 1959. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Bros.; Merrill Lynch, Pierce, Fenner & Smith, and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Kidder Peabody & Co., Smith, Barney & Co. and Blyth & Co., Inc. (jointly). **Bids**—Expected to be received up to noon (EST) on March 24 at Room 2033, Two Rector St., New York, N. Y.

Montana Power Co.
July 1 filed 100,000 shares of common stock (no par). The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers** — Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc. **Offering**—Indefinitely postponed.

★ National Investors Corp. (N. Y.)
March 12 filed (by amendment) an additional 3,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

● National Theatres, Inc.
Dec. 30 filed $20,000,000 5½% sinking fund subordinated debentures due March 1, 1974, stock purchase warrants for 454,545 shares of common stock (par $1) and 485,550 warrants to purchase debentures and stock purchase warrants. The debentures and stock purchase warrants are being offered in exchange for National Telefilm Associates, Inc. common stock and outstanding stock purchase warrants. **Basis of Exchange**—Shareholders of National Telefilm will receive $11 principal amount of debentures and a purchase warrant for one-quarter share of National Theatres stock in exchange for each share of National Telefilm. For each outstanding warrant of National Telefilm, the holder will receive an exchange warrant for the purchase of $11 of debentures and a warrant for the purchase of one-quarter share of National Theatres common. The offer expires April 6, 1959. **Dealer-Managers**—Cruttenden, Podesta & Co., Cantor, Fitzgerald & Co., Inc., and Westheimer & Co.

★ Natural Gas Pipeline Co. of America
March 18 filed $20,000,000 of first mortgage pipeline bonds due 1979. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to pay outstanding bank loans. **Underwriters**—Dillon, Read & Co. Inc. and Halsey, Stuart & Co. Inc., both of New York.

Naylor Engineering & Research Corp.
Sept. 29 (letter of notification) 300,000 shares of cumulative voting and non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For organizational expenses and first three months' operational expenses. **Office**—1250 Wilshire Blvd., Los Angeles 17, Calif. **Underwriter**—Waldron & Co., San Francisco 4, Calif.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To pay loan; to acquire fishing tools for leasing; and for working capital. **Office**—931 San Jacinto Bldg., Houston, Tex. **Underwriter**—T. J. Campbell Investment Co., Inc. Houston, Tex.

New York Shipbuilding Corp.
March 3 filed 621,353 shares of common stock. **Price**—To be supplied by amendment. To be offered from time to time either on the New York Stock Exchange at price prevailing at time of sale or by public or private sale at related prices. **Proceeds** — To Merritt - Chapman & Scott Corp., the selling stockholder. **Underwriter**—None.

★ Norton Manufacturing Co., Inc.
March 9 (letter of notification) 5,000 shares of common stock and 5,000 shares of 7% preferred stock. **Price**—At par ($10 per share). **Proceeds**—For equipping and stocking of its plant and for general operating purposes. **Address**—P. O. Box 214, Danville, Va. **Underwriter**—None.

★ Nye-Mathews Mining, Inc.
March 10 (letter of notification) 10,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For mining expenses. **Office**—Merchants Bank Building, Indianapolis, Ind. **Underwriter**—None.

Oak Ridge, Inc.
Sept. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—11 Flamingo Plaza, Hialeah, Fla. **Underwriter** — Henry & Associates, Inc., 11 Flamingo Plaza, Hialeah, Fla.

Ohio Edison Co. (3/25)
Feb. 26 filed $30,000,000 of first mortgage bonds due 1989. **Proceeds**—For property additions or improvements and new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co., White, Weld & Co., and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received on March 25.

Ohio Power Co. (3/30)
Feb. 24 filed $25,000,000 of first mortgage bonds due 1989. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Eastman Dillon (Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc., and Stone & Webster Securities Corp. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received up to 11 a.m. (EST) on March 30 at office of American Electric Power Service Corp., 30 Church St., New York 8, N. Y.

Oil, Gas & Minerals, Inc.
Nov. 16 (letter of notification) 116,000 shares of common stock (par 35 cents). **Price**—$1 per share. **Proceeds**—For development of oil and gas properties. **Office**—51[illegible] International Trade Mart, New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La.

O. K. Rubber Welders, Inc.
Dec. 15 filed 60,600 shares of common stock, $43,333.33 of 3¼% debentures maturing on or before May 6, 1965 $692,000 of 6% debentures maturing on or before Dec 31, 1974 and $123,000 of 7% debentures due on or before May 6, 1965 The company proposes to make a public offering of 25,000 shares of common stock at $10 per share. The remaining shares and the debentures are subject to an exchange offer between this corporation O. K. Rubber, Inc., and O. K. Ko-op Rubber Welding System, on an alternative basis. **Proceeds**—Of the public offering, will be used for additional working capital and/or to service part of the company's debt. **Office**—551 Rio Grande Ave., Littleton, Colo. **Underwriter**—None.

★ One William Street Fund, Inc. (N. Y.)
March 11 filed (by amendment) an additional 5,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Oppenheimer Fund, Inc.
Dec. 5 filed 100,000 shares of capital stock. **Price**—At market (about $10 per share). **Proceeds**—For investment. **Office**—25 Broad St., New York. **Underwriter**—Oppenheimer & Co., New York.

● Pacific Hawaiian Products Co. (3/30-4/3)
March 9 filed 213,000 shares of common stock (par $1). **Price** — To be supplied by amendment (expected at around $10.50 per share). **Proceeds**—To selling stockholders. **Underwriters** — Dempsey-Tegeler & Co., St. Louis, Mo.; and Morgan & Co., Los Angeles, Calif.

Pacific Power & Light Co.
Jan. 27 filed 207,852 shares of common stock (par $6.50) being offered to common stockholders of record March 3, 1959 at the rate of one new share for each 20 shares held; rights to expire on March 25. **Price** — $37.50 per share. **Proceeds** — For construction program. **Underwriter** — Ladenburg, Thalmann & Co., New York.

Paramount Mutual Fund, Inc.
Jan. 2 filed 300,000 shares of capital stock. **Price**—Minimum purchase of shares is $2,500. **Proceeds**—For investment. **Office**—404 North Roxbury Drive, Beverly Hills Calif. **Underwriter**—Paramount Mutual Fund Management. Co.

● Patterson (M. F.) Dental Supply Co. of Delaware (4/1)
March 9 filed 200,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds to repay bank loan. **Office**—2531 University Ave., St. Paul, Minn. **Underwriter**—Stone & Webster Securities Corp., New York.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par $1) **Price**—At market. **Proceeds**—For investment. **Underwriter**—Investors Investments Corp., Pasadena, Calif.

Pennsylvania Power Co.
Aug. 1 filed $8,000,000 of first mortgage bonds due 1989. **Proceeds**—To redeem a like amount of 5% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White Weld & Co., Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers, Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Dean Witter & Co. (jointly). **Bids** — Tentatively had been expected to be received up to 11 a.m. (EDT) on Aug. 27 but company on Aug. 22 decided to defer sale pending improvement in market conditions. SEC on Feb. 25, 1959 extended to June 16, 1959 period within which company may consummate financing.

Perfecting Service Co.
Feb. 26 (letter of notification) 28,250 shares of common stock to be offered for subscription by stockholders on a pro rata basis. Rights expire in 15 days. **Price**—At par ($10 per share). **Proceeds**—For accounts receivable and inventories. **Office**—332 Atando Ave., Charlotte, N. C. **Underwriter**—None.

★ Peruvian Oils & Minerals, Ltd.
March 12 filed 400,000 shares of capital stock. **Price**—At the prevailing market. **Proceeds**—To selling stockholders. **Office** — 85 Richmond Street West, Toronto, Ont., Canada. **Underwriter**—None.

★ Phillips-Foscue Corp., High Point, N. C.
March 9 (letter of notification) 60,000 shares of common stock (par 33⅓ cents). **Price**—$5 per share. **Proceeds** — For plant expenditures and working capital. **Underwriter**—None.

Public Service Co. of New Mexico (3/30)
March 6 filed 56,000 shares of cumulative preferred stock, 1959 series ($100 par) with attached warrants entitling the holders to purchase an aggregate of 168,000 shares of common stock. This includes 2,000 preferred shares to be offered to company employees. **Price**—To be supplied by amendment. **Proceeds**—For construction program and other corporate purposes, including repayment of $1,000,000 of bank borrowings. **Underwriters**—Allen & Co., Lehman Brothers, Bear Stearns & Co., E. F. Hutton & Co., and Salomon Bros. & Hutzler, all of New York.

Prudential Enterprises, Inc.
Jan. 15 (letter of notification) 200,000 shares of common stock (par one cent) of which 170,000 shares are to be sold by the company and 30,000 shares by a selling stockholder. **Price** — $1.50 per share. **Proceeds** — For general expansion and working capital. **Office**—1108 16th Street, N.W., Washington 6, D. C. **Underwriter**—John C. Kahn Co., Washington, D. C.

Raindor Gold Mines, Ltd.
Jan. 28 (letter of notification) 290,000 shares of common stock (par $1). **Price**—$1 per share. **Proceeds**—To prove up ore and for road and camp construction. **Office**—At Suite 322, 200 Bay St., Toronto, Ont., Canada, and c/o T. Arnold, Wilson Circle, Rumson, N. J. **Underwriter**—Sano & Co., New York, N. Y.

Rassco Financial Corp.
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. **Price**—At par. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Rassco Israel Corp., New York, on a "best efforts" basis.

Research Investing Fund of America, Inc.
Feb. 24 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment **Office**—Englewood, N. J. **Underwriter**—First Mutual Securities of America, Inc.

Richwell Petroleum Ltd., Alberta, Canada
June 26 filed 1,998,716 shares of common stock (par $1) Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held

(with an oversubscription privilege). The subscription period will be for 30 days following issuance of subscription rights. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter** — Pacific Securities Ltd., Vancouver, Canada.

Ritter Finance Co. (4/1)
March 5 filed 30,000 shares of 6% cumulative convertible preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and initially used to reduce temporary notes payable to banks. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Ritter Finance Co. (4/1)
March 5 filed 25,000 shares of class B common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Routh Robbins Investment Corp.
Jan. 29 filed 475,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For investments and working capital. **Business** — Real estate investments. **Office** — Alexandria, Va. **Underwriter**—None.

● **St. Paul Ammonia Products, Inc.**
Dec. 29 filed 250,000 shares of common stock (par 2½ cents), being offered for subscription by common stockholders at the rate of one new share for each four shares held of record Feb. 27; rights to expire on March 23. **Price**—$2.50 per share. **Proceeds**—For additional working capital. **Office**—South St. Paul, Minn. **Underwriter**—None. Statement effective Feb. 27.

● **Scranton-Spring Brook Water Service Co. (3/30)**
March 3 filed $8,000,000 of sinking fund debentures due April 1, 1984 and common stock warrants to purchase 80,000 shares of common stock to be offered in units of $200 of debentures and warrants for the purchase of two shares of stock for subscription by common stockholders at the rate of one unit for each 25 shares of stock held about March 30, 1959; rights to expire about April 15. **Price**—$200 per unit. **Proceeds**—To repay bank loans. **Underwriter**—Allen & Co., New York.

★ **Seaford-Mar Marina, Inc.**
March 5 (letter of notification) 163,858 shares of common stock (par 10 cents) to be offered for subscription by stockholders on the basis of one new share for each 10 held; rights to expire on March 30. **Price**—75 cents per share. **Proceeds**—To liquidate debts; to secure mortgage or other form of loan financing and for a construction program. **Office**—Foot of South Seaman Neck Road, Seaford, N. Y. **Underwriter**—None.

Service Life Insurance Co.
Sept. 26 (letter of notification) 3,567 shares of common stock (par $1). **Price**—$18.75 per share **Proceeds**—To go to a selling stockholder. **Office**—400 W Vickery Blvd Fort Worth, Tex **Underwriter**—Kay & Co., Inc. Houston, Tex.

Shares in American Industry, Inc.
Dec. 12 filed 50,000 shares of common stock **Price**—A market. **Proceeds**—For investment. **Office** — 1033-30th St., N. W., Washington 7, D. C **Investment Advisor**—Investment Fund Management Corp. **Former Name**—Shares in America, Inc.

Sheridan-Belmont Hotel Co
Aug 19 (letter of notification) $250,000 of 6% convertible debentures due Sept. 15, 1963 to be offered for subscription by common stockholders on a pro rata basis. **Price**—At par. **Proceeds**—For working capital **Office** — 317 North Sheridan Rd., Chicago 14, Ill **Underwriter**—None

Sire Plan of Elmsford, Inc., New York
Nov. 10 filed $250,000 of 6% 10-year debentures and 5,000 shares of 6% participating preferred stock (par $50) to be offered in units of a $50 debenture and one share of preferred stock. **Price**—$100 per unit. **Proceeds**—For acquisition of motels. **Underwriter**—Sire Plan Portfolios Inc., New York.

Southwestern Electric Service Co.
March 3 (letter of notification) an estimated 14,052 shares of common stock (par $1) to be offered for subscription by stockholders of record March 16, 1959 on the basis of one new share for each 30 shares now held. **Price**—$16 per share (estimated). **Proceeds**—For construction purposes. **Office** — 1012 Mercantile National Bank Building, Dallas, Texas. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969 **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities: and $395,000 for working capital **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent) **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y **Underwriter**—None

State Life, Health & Accident Insurance Co.
July 9 (letter of notification) 50,000 shares of common stock (par $1) **Price**—$5 per share. **Proceeds**—To be invested in stocks and bonds and to acquire other life insurance companies. **Address**—P. O. Box 678, Gulfport Miss **Underwriter**—Gates, Carter & Co., Gulfport, Miss

Strategic Minerals Corp. of America, Dallas, Tex
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price**—For bonds, 95% of principal amount; and for stock $1 per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

★ **Television-Electronics Fund, Inc., Chicago, Ill.**
March 16 filed (by amendment) 10,000,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

Texas Instruments, Inc., Dallas, Texas
Feb. 11 filed 691,851 shares of common stock (par $1) and 737,974 shares of 4% cumulative preferred stock, series 1959 ($25 par—convertible on or prior to May 1, 1969), to be offered in exchange for common stock of Metals & Controls Corp. on the basis of three-quarters of a share of Texas common stock for each Metals & Controls common share, or, if the holder elects, for eight-tenths of a preferred share and four-tenths of a common share. **Underwriter**—None. Statement effective March 4.

Thermal Power Corp. (3/23-27)
Feb. 27 (letter of notification) about 40,000 shares (par $1), not to exceed an aggregate value of $300,000 of common stock. **Price**—Around $7.50 per share. **Proceeds**—For expenses for exploration and drilling to increase the steam supply. **Office**—593 Market St., San Francisco, Calif. **Underwriter** — J. Barth & Co., San Francisco, Calif.

● **Thorncliffe Park Ltd. (3/23)**
Feb. 20 filed $4,000,000 (Canadian) of sinking fund debentures, series A, due March 1, 1974, and 80,000 shares of common stock, to be offered for sale in units, each consisting of $1,000 of debentures and 20 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of a loan; to retire all of the company's current bank loans; and the balance for working capital and general corporate purposes. **Address**—Postal Station R, Toronto, Ont., Canada. **Underwriter**—Bache & Co., New York.

★ **Traffic Club of New York, Inc.**
March 9 (letter of notification) $250,000 of 6% registered notes due May 1, 1969, to be offered to resident members of the club only. **Price**—$100 per note. **Proceeds**—To be used for alterations and improvements of the club's new quarters in the Grand Central Terminal Building, New York, N. Y., and for general corporate purposes. **Office**—Hotel Biltmore, 43rd St. and Madison Ave., New York 17, N. Y. **Underwriter**—None.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5) **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None Myrl L McKee of Portland, Ore., is President.

United States Glass & Chemical Corp.
Nov. 26 filed 708,750 outstanding shares of common stock **Price**—At market. **Proceeds** — To selling stockholders **Office**—Tiffin, Ohio. **Underwriter**—None.

United States Servateria Corp. (3/23-27)
March 3 filed 275,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—2522 South Soto St., Los Angeles, Calif. **Underwriter**—Van Alstyne, Noel & Co., New York and Los Angeles.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo.

● **Upper Peninsula Power Co. (3/25)**
March 4 filed 40,000 shares of common stock (par $9). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including 1959 construction program. **Underwriters**—Kidder, Peabody & Co., Paine, Webber, Jackson & Curtis, and Stone & Webster Securities Corp., all of New York.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment Graham Albert Griswold of Portland, Ore., is President.

Utah Minerals Co.
April 11 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—305 Main St., Park City Utah **Underwriter**—Walter Sondrup & Co., Salt Lake City, Utah.

Utah Oil Co. of New York, Inc.
May 6 (letter of notification) 300,000 shares of capital stock **Price** — At par ($1 per share). **Proceeds** — For development of oil and gas lands. **Office**—574 Jefferson Ave., Rochester 11, N. Y. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

Victoreen Instrument Co.
March 4 filed 248,394 shares of capital stock (par $1) to be offered for subscription by holders of common stock and debentures, at the rate of new share for each four common shares held and eight shares for each $100 of debentures held. **Price** — To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**.—None.

Western Casualty & Surety Co.
Feb. 11 filed 100,000 shares of capital stock (par $5) being offered for subscription by holders of outstanding stock at the rate of one new share for each five shares held on March 11, 1959; rights to expire on March 24. **Price**—$45.50 per share. **Proceeds**—To increase capital and surplus. **Underwriters** — Kidder, Peabody & Co., New York; and Prescott, Wright, Snider Co., Kansas City, Mo.

★ **Western Massachusetts Companies (4/3)**
March 13 filed 177,626 shares of common stock (par 50 cents), of which 161,626 shares are to be offered for subscription by common stockholders of record April 3, 1959, on the basis of one new share for each 15 shares then held; rights to expire on April 21. Employees will be offered the privilege of subscribing for 16,000 shares up to 3:30 p.m. (EST) on April 16. **Price**—To be supplied by amendment. **Proceeds**—To be loaned to a subsidiary, Western Massachusetts Electric Co., which will be used to reduce its short-term bank borrowings, and for its construction program. **Underwriters**—The First Boston Corp. and White, Weld & Co., both of New York.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price**—At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

★ **Whitehall Fund, Inc. (N. Y.)**
March 12 filed (by amendment) an additional 250,000 shares of capital stock. **Price** — At market. **Proceeds** — For investment.

Wilmington Country Club, Wilmington, Del.
Oct. 27 filed $500,000 of debentures due 1991 (non interest bearing) and 800 shares of common stock (par $25) to be offered to members of this club and of Concord Ltd. **Price**—$375 per common share and $1,000 per debenture. **Proceeds** — To develop property and build certain facilities. **Underwriter**—None.

Wisconsin Power & Light Co. (4/15)
March 9 filed $14,000,000 of first mortgage bonds, series J, due March 1, 1989. **Proceeds**—To pay part of the cost of property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Blyth & Co., Inc. and Lehman Brothers (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EST) on April 15.

Wyoming Corp.
Nov. 17 filed 1,449,307 shares of common stock. Of these shares 1,199,307 are subject to partially completed subscriptions at $2, $3.33 and $4 per share; and the additional 250,000 shares are to be offered initially to shareholders of record Nov. 1, 1958, in the ratio of one new share for each 2.33 shares held on that date. **Price**—$4 per share. **Proceeds**—$300,000 will be used for payments on contract to purchase shares of International Fidelity Insurance Co.; $325,000 for capitalization of a fire insurance company; $500,000 for capitalization of a title insurance company; $500,000 for additional capital contribution to Great Plains Development Co.; and $300,000 as an additional capital contribution to Great Plains Mortgage Co. **Office**—319 E. "A" St., Casper, Wyo. **Underwriter**—None.

Prospective Offerings

Alabama Power Co. (4/30)
Dec. 10 it was announced that the company plans the issue and sale of $20,000,000 of 30-year first mortgage bonds. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Eastman Dillon, Union Securities & Co., Equitable Securities Corp. and Drexel & Co. (jointly); Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly); Morgan Stanley & Co.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Planned for April 3. **Bids**—Expected to be received on April 30.

● **Consolidated Edison Co. of N. Y. Inc. (5/26)**
March 9 it was reported that the company plans to issue and sell $50,000,000 to $60,000,000 of first refunding mortgage bonds. **Proceeds**—For additions, improvements, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 26.

★ **Consolidated Natural Gas Co. (5/21)**
March 18 the directors approved a plan to offer stockholders on or about May 21 the right to subscribe for 821,256 additional shares of capital stock on the basis of one new share for each 10 shares held. **Price**—To be below the market price prevailing at the time of the offering. **Proceeds**—For construction program. **Underwriter**—None.

★ **Consolidated Natural Gas Co.**
March 18, James Comerford, President, announced that, in addition to the proposed stock offering to stockholders, the company plans this year to issue and sell publicly $20,000,000 of debentures. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly).

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● Diamond State Telephone Co. (4-21)
Feb. 27 it was announced that this company plans to issue and sell $5,000,000 of 35-year debentures. **Proceeds**—Principally to replace borrowings for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co.; Eastman Dillon, Union Securities & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on or about April 21.

Duke Power Co.
March 9 it was reported that the company plans to issue and sell $25,000,000 of new preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Offering** — Expected about mid-year.

El Paso Electric Co. (5/19)
Feb. 9 it was reported that the company is planning the sale of $3,500,000 of first mortgage bonds due 1989. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co.; White, Weld & Co. and Shields & Co. (jointly) Equitable Securities Corp. and R. W. Pressprich & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 19.

El Paso Electric Co. (5/19)
Feb. 9 it was reported that the company plans the sale of 20,000 shares of preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler & Co.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith. **Bids** — Expected to be received up to 11 a.m. (EST) on May 19.

El Paso Electric Co. (5/12)
Feb. 9 it was reported that the company is also planning an offering of 76,494 shares of common stock to common stockholders on the basis of about one new share for each 15 shares held as of May 11, 1959; rights to expire on May 26. **Proceeds**—For construction program. **Dealer-Manager**—Stone & Webster Securities Corp., New York.

El Paso Natural Gas Co.
March 4 it was announced stockholders will on April 28 vote on increasing the authorized preferred stock to 1,000,000 shares from 472,229 shares, and the common stock to 25,300,000 shares from 20,300,000 shares. **Proceeds** — For major expansion program. **Underwriter** — White, Weld & Co., New York.

Florida Power Corp.
Feb. 4, W. J. Clapp, President, announced that the corporation is planning to sell additional shares of common stock on the basis of one new share for each 12 shares held. **Proceeds**—For construction expenditures. **Underwriters** — Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. **Offering**—Expected in June.

Frito Co.
Feb. 20 it was announced that directors are considering the offering and sale of a number of shares of proposed new common stock (par $2.50); such offering, if made will be made in conjunction with a proposed offering by certain major shareholders. **Price**—Related to market. **Underwriter** — Dittmar & Co., San Antonio and Dallas, Tex.

Georgia Power Co. (9/10)
Dec. 10 it was announced that the company plans to issue and sell $18,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and Shields & Co. (jointly); Lehman Brothers; The First Boston Corp.; Morgan Stanley & Co.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Registration**—Planned for Aug. 14. **Bids**—Expected to be received on Sept. 10.

Interstate Power Co.
March 2 it was reported that the company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and Lehman Brothers (jointly). **Bids**—Expected to be received some time in May.

Interstate Power Co.
March 2 it was reported that the company is planning the issuance and sale of $4,000,000 preferred stock. **Underwriter**—Kidder, Peabody & Co., New York, handled last equity financing through negotiated sale. If determined by competitive bidding, probable bidders may be Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co. (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Smith, Barney & Co. **Offering**—Expected in May.

Jersey Central Power & Light Co.
Feb. 10 it was announced that the company is contemplating the sale of $6,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.; Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Lehman Brothers and Blair & Co., Inc., (jointly). **Offering**—Expected during August.

Kansas City Power & Light Co.
Dec. 29 it was reported that the company plans to issue and sell $20,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman, Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). **Offering**—Expected in May or June.

Maine Public Service Co. (4/24)
March 9 it was announced that the company plans early registration of 50,000 shares of additional common stock (par $7). **Proceeds**—To reduce outstanding bank loans. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc. and A. G. Becker & Co., both of New York. **Registration**—Planned for April 1.

Mississippi Power Co. (6/25)
Dec. 10 it was announced that this company plans to issue and sell $5,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for May 29. **Bids**—Expected to be received on June 25.

Norfolk & Western Ry.
March 2 it was reported that the company plans to receive bids sometime in April for the purchase from it of $7,350,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

North American Equitable Life Assurance Co.
Dec. 1 it was announced that the company plans an offering of 950,000 shares of capital stock. **Price** — $10 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—John M. Tait & Associates, Cincinnati, Ohio

Northern Illinois Gas Co.
Dec. 12 it was reported that the company will sell in 1959 about $35,000,000 of new securities, including some first mortgage bonds; in addition, there is a possibility of a preferred stock issue. **Proceeds**—For capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.

Our River Electric Co., Luxemburg
Dec. 22 it was reported that this company plans to offer $10,000,000 of bonds. **Underwriters**—The First Boston Corp. and Kuhn, Loeb & Co., both of New York.

Penn-Texas Corp.
Jan. 28, Alfons Landa, President, said the company may offer its stockholders $7,000,000 additional capital stock through subscription rights. **Purpose**—To acquire Fairbanks, Morse & Co. common stock. **Underwriter**—Bear, Stearns & Co., New York.

Pennsylvania Electric Co.
Feb. 10 it was announced that the company is planning the sale of $15,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., Merrill Lnych, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly). **Offering**—Expected about mid-year.

Pittsburgh & Lake Erie RR. (4/7)
Feb. 23 it was reported the company plans to receive bids up to noon (EST) on April 7 for the purchase from it of $2,475,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● Public Service Co. of Colorado (4/28)
March 12 it was reported that the company plans to issue and sell about $20,000,000 of first mortgage 30-year bonds, due 1989. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. and Smith Barney & Co. (jointly); Harriman Ripley & Co. Inc., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Dean Witter & Co. (jointly); Lehman Brothers, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on April 28.

Public Service Electric & Gas Co. (6/2)
Jan. 30 it was reported that the company plans sale of $30,000,000 to $40,000,000 debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn Loeb & Co. and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Tentatively expected to be received on June 2.

● Puget Sound Power & Light Co.
Feb. 6 it was announced company plans to issue and sell $10,000,000 preferred stock this Spring. **Proceeds**—For construction program. **Underwriter** — May be Merrill Lynch, Pierce, Fenner & Smith, Inc., New York. May be placed privately.

● Ryder System, Inc. (3/23-27)
Jan. 12 it was reported that the company plans the issuance and sale of 150,000 shares of common stock (par $5). **Proceeds**—For acquisitions. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Expected next week.

Southern Electric Generating Co. (5/28)
Dec. 10 it was announced that the company plans to issue and sell $25,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for April 17. **Bids**—Expected to be received on May 28.

★ Southern Nevada Power Co. (5/12)
March 17 it was announced that the company plans to issue and sell $5,500,000 of first mortgage bonds. **Proceeds**—Together with other funds, will be used to repay temporary bank loans, and to refund the slightly less than $4,000,000 of series "C" 5½% mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Hornblower & Weeks and William R. Staats & Co. (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected to be received up to 9 a.m. (PST) on or about May 12 in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

★ Southern Nevada Power Co. (4/28)
March 17 it was announced that the company plans early registration of $1,500,000 of preferred stock. **Proceeds**—To repay temporary bank loans. **Underwriter**—May be Hornblower & Weeks, New York; William R. Staats & Co., Los Angeles, Calif.; and First California Co., San Francisco, Calif.

Southern Pacific Co. (4/1)
Bids will be received up to noon (EST) on April 1 at 165 Broadway, New York, N. Y., for the purcchase from the company of $7,620,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● Southwestern Electric Power Co. (5/12)
Jan. 26 it was reported that this company (formerly Southwestern Gas & Electric Co.) plans the issuance and sale of about $16,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.; Lehman Brothers; Kuhn, Loeb & Co.; Blyth & Co. Inc. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 12.

Spector Freight System, Inc.
Feb. 16 this company sought ICC approval for issuance of 200,000 shares of class A common stock (par $1), of which 60,000 shares will be sold for the account of selling stockholders **Proceeds** — To pay outstanding loans and for additional working capital. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill. **Offering**—Expected in April.

● Texas & Pacific Ry. (3/26)
Bids will be received by the company up to noon (CST) on March 26 at Texas & Pacific Bldg., Dallas 2, Texas, for the purchase from it of $3,000,000 series T equipment trust certificates maturing from April 1, 1960 to 1969. Probable bidders—Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ Union Bank, Los Angeles, Calif.
March 13 it was reported that this bank plans to offer 70,028 additional shares of capital stock (par $10) to its stockholders of record March 18, 1959, on the basis of one new share for each 12 shares then held; rights to expire on April 8. **Price**—$59.50 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Blyth & Co., Inc. and Stern, Frank, Meyer & Fox, both of Los Angeles, Calif.

★ Union Electric Co. (Mo.)
Feb. 23, J. W. McAfee, President, stated that the company plans to sell about $30,000,000 of additional common stock later this year through rights to common stockholders. **Proceeds**—For expansion program.

● United States National Bank, Portland, Ore. (3/26)
Feb. 27 it was reported that this bank plans to issue an additional 23,000 shares of common stock on the basis of one new share for each 49 shares held as of March 26, 1959; rights to expire on April 15, 1959. **Price**—$50 per share. **Proceeds**—To increase capital and surplus.

Virginia Electric & Power Co. (6/2)
Feb. 21 it was announced that the company plans to offer an additional 710,000 shares of common stock to be offered for subscription by stockholders of record on or about June 2, 1959, on the basis of one new share for each 20 shares then held. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp. **Bids**—Expected to be received on June 2.

Washington Gas Light Co.
March 2 it was reported that the company plans to issue and sell $12,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. **Offering**—Expected during the second quarter of 1959.

Worcester Gas Light Co.
Aug. 18 it was reported that the company plans the sale of $5,000,000 first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Mar. 22	§92.2	*92.0	86.5	52.5
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 22	§2,610,000	*2,604,000	2,449,000	1,417,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 6	7,212,920	7,198,720	7,213,320	6,327,735
Crude runs to stills—daily average (bbls.)	Mar. 6	¶8,207,000	8,236,000	8,025,000	7,488,000
Gasoline output (bbls.)	Mar. 6	27,461,000	27,966,000	26,913,000	25,294,000
Kerosene output (bbls.)	Mar. 6	2,393,000	2,511,000	2,903,000	2,896,000
Distillate fuel oil output (bbls.)	Mar. 6	15,103,000	15,267,000	15,009,000	12,136,000
Residual fuel oil output (bbls.)	Mar. 6	7,500,000	7,483,000	6,761,000	8,001,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 6	207,015,000	*207,744,000	198,908,000	215,409,000
Kerosene (bbls.) at	Mar. 6	18,985,000	*19,593,000	20,649,000	17,622,000
Distillate fuel oil (bbls.) at	Mar. 6	80,616,000	*81,634,000	92,018,000	84,018,000
Residual fuel oil (bbls.) at	Mar. 6	54,835,000	54,582,000	55,824,000	54,803,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 7	595,930	575,583	565,397	544,374
Revenue freight received from connections (no. of cars)	Mar. 7	573,825	552,518	551,334	550,281
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 12	$372,100,000	$523,100,000	$346,236,000	$313,098,000
Private construction	Mar. 12	202,200,000	230,000,000	207,543,000	120,897,000
Public construction	Mar. 12	169,900,000	293,100,000	138,693,000	192,201,000
State and municipal	Mar. 12	144,800,000	181,600,000	96,095,000	153,761,000
Federal	Mar. 12	25,100,000	111,500,000	42,598,000	38,440,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 7	7,715,000	*8,235,000	8,300,000	8,264,000
Pennsylvania anthracite (tons)	Mar. 7	394,000	425,000	376,000	417,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 7	118	118	108	112
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 14	12,996,000	12,945,000	13,156,000	11,860,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 12	311	288	292	336
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 10	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	Mar. 10	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	Mar. 10	$41.17	$41.83	$43.83	$37.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 11	31.100c	29.625c	29.600c	23.725c
Export refinery at	Mar. 11	30.525c	30.000c	28.225c	20.050c
Lead (New York) at	Mar. 11	11.500c	11.000c	11.500c	13.000c
Lead (St. Louis) at	Mar. 11	11.300c	10.800c	11.300c	12.800c
‡Zinc (delivered) at	Mar. 11	11.500c	11.500c	12.000c	10.500c
Zinc (East St. Louis) at	Mar. 11	11.000c	11.000c	11.500c	10.000c
Aluminum (primary pig. 99.5%) at	Mar. 11	24.700c	24.700c	24.700c	26.000c
Straits tin (New York) at	Mar. 11	103.500c	103.750c	102.000c	95.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 17	85.65	85.75	86.31	94.54
Average corporate	Mar. 17	90.06	90.20	89.92	95.62
Aaa	Mar. 17	94.12	94.12	93.97	102.13
Aa	Mar. 17	92.50	92.79	92.64	99.52
A	Mar. 17	90.06	90.34	89.78	95.16
Baa	Mar. 17	84.04	83.91	83.66	86.51
Railroad Group	Mar. 17	88.67	88.81	88.95	91.62
Public Utilities Group	Mar. 17	89.92	89.92	89.37	96.85
Industrials Group	Mar. 17	91.77	91.77	91.34	98.25
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 17	3.89	3.85	3.79	2.96
Average corporate	Mar. 17	4.41	4.40	4.42	4.03
Aaa	Mar. 17	4.13	4.13	4.14	3.62
Aa	Mar. 17	4.24	4.22	4.23	3.78
A	Mar. 17	4.41	4.39	4.43	4.06
Baa	Mar. 17	4.86	4.87	4.89	4.67
Railroad Group	Mar. 17	4.51	4.50	4.49	4.30
Public Utilities Group	Mar. 17	4.42	4.42	4.46	3.95
Industrials Group	Mar. 17	4.29	4.29	4.32	3.86
MOODY'S COMMODITY INDEX	Mar. 17	388.1	387.6	382.4	399.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 7	369,514	324,109	345,179	321,182
Production (tons)	Mar. 7	315,717	301,751	298,371	265,719
Percentage of activity	Mar. 7	96	92	93	87
Unfilled orders (tons) at end of period	Mar. 7	474,212	423,667	431,708	418,353
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar. 13	110.56	110.76	111.10	109.79
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 21	2,613,450	2,201,040	2,749,880	1,098,570
Short sales	Feb. 21	432,080	326,190	442,720	259,680
Other sales	Feb. 21	2,121,280	1,904,960	2,235,550	897,000
Total sales	Feb. 21	2,553,360	2,231,150	2,678,270	1,156,680
Other transactions initiated on the floor—					
Total purchases	Feb. 21	582,480	405,880	545,690	283,000
Short sales	Feb. 21	60,000	60,800	42,200	60,000
Other sales	Feb. 21	465,700	355,900	468,340	282,420
Total sales	Feb. 21	525,700	416,700	510,540	342,420
Other transactions initiated off the floor—					
Total purchases	Feb. 21	763,435	645,209	846,223	440,030
Short sales	Feb. 21	139,270	101,470	115,020	122,900
Other sales	Feb. 21	796,565	711,265	1,035,970	506,256
Total sales	Feb. 21	935,835	812,735	1,150,990	629,156
Total round-lot transactions for account of members—					
Total purchases	Feb. 21	3,959,365	3,252,129	4,141,793	1,821,600
Short sales	Feb. 21	631,350	488,460	599,940	442,580
Other sales	Feb. 21	3,383,545	2,972,125	3,739,860	1,685,676
Total sales	Feb. 21	4,014,895	3,460,585	4,339,800	2,128,256
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECUURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Feb. 21	1,939,608	1,700,754	2,233,610	989,612
Dollar value	Feb. 21	$99,429,957	$85,178,715	$110,987,325	$42,744,976
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 21	1,683,681	1,405,376	1,877,342	840,783
Customers' short sales	Feb. 21	8,545	10,279	5,816	24,098
Customers' other sales	Feb. 21	1,675,136	1,395,097	1,871,526	816,685
Dollar value	Feb. 21	$81,199,968	$69,718,840	$92,799,000	$36,482,829
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 21	440,080	370,310	469,310	248,180
Short sales	Feb. 21	------	------	------	------
Other sales	Feb. 21	440,080	370,310	469,310	248,180
Round-lot purchases by dealers—					
Number of shares	Feb. 21	734,768	657,580	827,560	386,360
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Feb. 21	740,140	646,180	704,390	784,570
Other sales	Feb. 21	18,586,090	14,784,410	19,592,360	8,935,380
Total sales	Feb. 21	19,326,230	15,430,590	20,296,750	9,719,950
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 10	119.2	119.2	119.4	119.5
Farm products	Mar. 10	90.3	90.3	91.1	99.8
Processed foods	Mar. 10	107.4	107.2	107.9	109.5
Meats	Mar. 10	99.3	98.9	101.0	104.6
All commodities other than farm and foods	Mar. 10	127.6	127.6	127.6	125.9

*Revised figure. ¶Includes 991,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN ZINC INSTITUTE, INC.—Month of January:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	76,481	75,503	82,343
Shipments (tons of 2,000 pounds)	70,941	77,010	68,657
Stocks at end of period (tons)	195,777	190,237	180,346
AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of January:			
Total home laundry appliance factory unit sales (domestic)	423,633	500,852	359,075
Combination washer-dryers	16,922	21,662	13,442
Washers	288,491	330,520	244,840
Dryers	118,220	148,670	100,793
AMERICAN RAILWAY CAR INSTITUTE — Month of January:			
Orders for new freight cars	4,007	3,830	401
New freight cars delivered	1,940	2,621	7,219
Backlog of cars on order and undelivered (end of month)	29,470	27,596	55,941
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE — Month of January (000's omitted)	$873,700	*$2,139,000	*$852,700
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of February (000's omitted):			
Total U. S. construction	$1,314,469	$1,641,101	$1,174,791
Private construction	750,150	685,529	613,080
Public construction	564,319	955,572	561,711
State and municipal	427,372	654,957	424,460
Federal	136,947	300,615	137,251
COAL OUTPUT (BUREAU OF MINES)—Month of February:			
Bituminous coal and lignite (net tons)	32,840,000	34,820,000	31,450,000
Pennsylvania anthracite (net tons)	1,557,000	2,194,000	1,782,000
COKE (BUREAU OF MINES)—Month of Jan.:			
Production (net tons)	5,613,162	5,507,645	4,762,237
Oven coke (net tons)	5,531,107	5,430,841	4,714,610
Beehive coke (net tons)	82,055	76,804	47,627
Oven coke stock at end of month (net tons)	3,792,362	3,814,578	3,299,838
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of Jan. 31 (000's omitted)	$875,000	$840,000	$654,000
COPPER INSTITUTE—For month of January:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	109,523	*105,552	108,264
Refined (tons of 2,000 pounds)	137,361	146,978	136,748
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	114,425	116,310	109,707
Refined copper stocks at end of period (tons of 2,000 pounds)	80,780	80,722	176,287
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of January	687,360	727,410	797,774
In consuming establishment as of Jan. 3	1,566,014	1,542,092	*1,729,093
In public storage as of Jan. 3	12,295,610	*12,748,536	*12,183,000
Linters—Consumed month of December	100,983	106,667	98,954
Stocks Jan. 3	864,365	857,485	908,997
Cotton spindles active as of Jan. 3	17,636,000	17,616,000	17,950,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Jan. 31	20,497,000	20,681,000	21,059,000
Spinning spindles active on Jan. 31	17,636,000	17,616,000	17,950,000
Active spindle hours (000's omitted) Jan. 31	8,552,000	9,453,000	10,199,000
Active spindle hours for spindles in place Jan.	427.6	378.1	408.0
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average = 100—Month of January:			
Sales (average monthly), unadjusted	105	240	102
Sales (average daily), unadjusted	104	235	100
Sales (average daily), seasonally adjusted	129	133	125
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average = 100—Month of February:			
Adjusted for seasonal variation	138	*138	124
Without seasonal adjustment	105	106	95
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate customers—Month of December (000's omitted)	50,337,407	47,868,081	47,061,671
Revenue from ultimate customers—month of December	$848,962,000	$814,700,000	$798,014,000
Number of ultimate customers at Dec. 31	56,208,491	56,124,408	55,171,089
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of January:			
All manufacturing (production workers)	11,812,000	*11,946,000	12,024,000
Durable goods	6,714,000	*6,749,000	6,869,000
Nondurable goods	5,098,000	*5,197,000	5,155,000
Employment indexes (1947-49 Avge. = 100)—			
All manufacturing	95.5	*96.6	97.2
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	157.6	*161.0	149.9
Estimated number of employees in manufacturing industries—			
All manufacturing	15,626,000	*15,757,000	15,865,900
Durable goods	8,962,000	*8,994,000	9,138,000
Nondurable goods	6,664,000	*6,763,000	6,727,000
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of January:			
Contracts closed (tonnage)—estimated	235,784	196,510	162,158
Shipments (tonnage)—estimated	224,260	266,600	316,742
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS — Month of Feb.:			
Industrials (125)	3.26	3.21	4.49
Railroads (25)	4.50	4.54	7.06
Utilities (not incl. Amer. Tel. & Tel.) (24)	3.84	3.89	4.62
Banks (15)	3.69	3.92	4.78
Insurance (10)	2.48	2.51	3.12
Average (200)	3.41	3.36	4.62
NEW YORK STOCK EXCHANGE—As of Jan. 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,452,000	*$3,421,000	$2,613,205
Credit extended to customers	155,000	146,000	126,095
Cash on hand and in banks in U. S.	374,000	357,000	328,325
Total of customers' free credit balances	1,226,000	1,159,000	936,509
Market value of listed shares	280,825,782	276,665,190	204,969,173
Market value of listed bonds	106,400,853	105,866,136	106,779,763
Member borrowings on U. S. Govt. issues	466,000	506,000	270,630
Member borrowings on other collateral	2,105,000	2,189,000	1,665,781
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of January:			
Total operating revenues	$784,227,845	$836,828,096	$779,752,776
Total operating expenses	644,544,329	656,015,960	651,090,608
Taxes	78,905,591	79,026,045	73,375,829
Net railway operating income before charges	36,160,074	77,545,191	31,914,879
Net income after charges (estimated)	22,000,000	89,000,000	18,000,000
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Feb. 28	$285,215,969	$285,906,727	$274,781,548
General funds balance	5,274,249	5,918,394	4,393,554
Net debt	$279,941,720	$279,988,333	$270,387,994
Computed annual rate	2.781%	2.704%	2.778%

P. H. Bogardus V.-P. Of J. P. Morgan & Co.

P. Hurley Bogardus has been elected a Vice-President of J. P. Morgan & Co. Incorporated, 23 Wall Street, New York City, it has been announced by Henry C. Alexander, Chairman.

Mr. Bogardus is in the bank's municipal bond department. He has been with J. P. Morgan & Co. since 1949 and has been an Assistant Vice-President since 1951. Previously he had been associated with Barr Brothers & Co., New York.

Mutual Funds

By ROBERT R. RICH

February Sales of Mutual Fund Shares Top $178 Million

"Investor use of investment company shares continues at a substantial rate," George A. Mooney, Executive Director of the National Association of Investment Companies, reported in announcing February industry figures.

He said the 154 mutual fund members reported February investor purchases of shares amounted to $178,430,000, off from the January figure of $223,516,000, but above February, 1958, when sales totaled $96,396,000 for 144 member companies.

George A. Mooney

Redemption of mutual fund shares during the month totaled $60,820,000, somewhat under the $75,018,000 in redemptions in January, and above the $24,492,000 in redemptions in February a year ago.

The net new money received by investment companies for investment during February, 1959, represented 0.8% of total industry assets.

Total net assets of the 154 open-end member companies at the close of February, also reflecting some market rise, amounted to $14,002,458,000, up from $13,705,526,000 on Jan. 31, 1959. Total net assets of the Association's member companies on Feb. 28, 1958 were $9,193,238,000.

The Association reported that about one-third of the increase in assets of its mutual fund member companies from February, 1958 to the end of February, 1959, was attributable to purchases of new shares. The balance was accounted for by market appreciation of portfolio securities. It is estimated that investment companies hold slightly less than 4% of the value of all listed stocks on the New York Stock Exchange, the Association pointed out.

The member companies reported 27,882 new accumulation plans—through which investment company shares are acquired on a regular monthly or quarterly basis—opened in February compared with 25,980, new accumulation plans in January and 19,131 in February, 1958.

Salik Reviews the Vast Potential in Electronics Field

Electronics Investment Corporation reports a new high in net assets. Total net assets climbed to over $27,000,000 as against $15,000,000 a year ago. Per share value rose from $4.14 as of Jan. 1, 1958 to $6.49 on Dec. 31, 1958, an increase of 57%. Today's new high reflects an increase in per share value from $4.14 as of Jan. 1, 1958 to $7.52 as of March 17, 1959, an increase of 82%. The increase in total net assets was due to appreciation of the Fund's portfolio of investments as well as from the sale of additional Fund shares.

Charles E. Salik, President of the investment fund, when asked to predict the growth of the electronics industry . . . states "in my opinion, and among the most informed in the industry, one has but to review the almost unlimited list of new products yet to be marketed to comprehend the true growth characteristics of the electronics industry. Some of these products cost million of dollars apiece, others account for only pennies per unit, but in total, these new products will change the very character and nature of the industry as we know it today.

"Research theorists are experimenting in highly sophisticated applications of electronic principles. Advanced studies of plasma physics, ionic propulsion, stimulated emission phenomena, solid state physics and nuclear reactor kinetics promise an ever expanding depth and direction of scientific endeavor. From this effort will come new products for the home, industry, business and the military. These electronics products will affect your life to a greater degree than all previous scientific achievements since the beginning of time. Many leading scientists now have taken the positive view that the United States is embarking on a scientific crusade unparalleled in the history of man."

National Income Series Reaches All-Time High

National Income Series Report to shareowners accompanying the 74th consecutive dividend payment shows that total assets of the fund stood at an all-time high of $74,230,188 on the quarter ending Feb. 27, 1959. This represented a 44% increase over the $51,439,257 total a year earlier.

During the same 12 month period asset value per share of the fund sponsored and managed by National Securities & Research Corporation rose from $4.95 to $6.58, a gain of 33%, including adjustment for capital gain distribution of 6 cents per share. On Feb. 27, 1959 shareowners numbered 28,630 compared to 26,953 a year earlier while shares outstanding totalled 11,387,218 compared to 10,401,754.

The five largest individual holdings in the portfolio on Feb. 27 were Colgate-Palmolive Co., Chesapeake & Ohio Railway Co., Eaton Manufacturing Co., Republic Steel Corp., and White Motor Co.

Florida Growth's Net Assets Now Exceed $2,000,000

Total net assets of Florida Growth Fund, Inc., a mutual investment company which made its initial public offering on Feb. 19, 1957, on March 11 crossed the $2 million level for the first time, it was announced by Frank B. Bateman, President.

Total net assets reached $2,010,977 compared with $1,614,174 on Dec. 31 last, and $664,714 at the end of 1957.

Mr. Bateman said the number of shareholders also are at a new high, currently numbering 1,447, compared with 1,222 on Dec. 31 last and 774 at the end of 1957. Net assets per share for the respective dates are $5.94, $5.48, and $4.09.

Graham-Paige to Issue New Pfd.

Graham-Paige Corporation, a closed-end non-diversified management investment company, filed with the Securities and Exchange Commission a registration statement covering the proposed public offering of 350,000 shares of new 6% Cumulative Preferred Stock ($10 Par Value—Convertible until April, 1969).

Bache & Co. will head an underwriting syndicate which will offer the shares to the public.

It is the intention of Graham-Paige Corporation to apply the major portion of the net proceeds from the financing to repay bank loans incurred by the Corporation in connection with the purchase of capital stock of Madison Square Garden Corporation.

The new preferred stock will be convertible into common stock until April, 1969; will be redeemable, and will be entitled to an annual sinking fund beginning April 30, 1970, calculated to retire all of the unconverted preferred stock by April 30, 1984.

Principal assets of the Corporation are its investments in Royal American Corporation; Madison Square Garden Corporation; Botany Mills, Inc., and Hotel Corporation of America.

Townsend Inv. To Change Name

Stockholders of the Townsend Investment Company have been asked to approve the name Townsend Corporation of America as the new company title, Clinton Davidson, Chairman of the Board, announced.

"When the fund was established two years ago it was the company's intention to make it an investment trust company," Mr. Davidson said. "Today investment opportunities have broadened the organization's operations and the company has become diversified."

The stockholders meeting is called for April 1 at the company's headquarters in Short Hills, N. J. The meeting will be adjourned on that date until April 8, Mr. Davidson said.

Colonial Fund Shares Up 30%

In his report to shareholders for the quarter ended Jan. 31, 1959, James H. Orr, President of the 55-year-old Colonial Fund, announced that the Fund's per-share net asset value increased from $8.46 per share a year ago to $10.82 on Jan. 31, 1959. This, he said, is an increase of 30% after adjustment for the security profits distribution of 16 cents paid shareholders last November. He also advised shareholders that total net assets of the Fund increased 59%, from $43,000,000 on Jan. 31 a year ago to $68,000,000 on Jan. 31, 1959.

During the quarter, the Fund made new commitments in: Central Illinois Public Service, Food Machinery & Chemical, H. L. Green Company, Hammond Organ, P. Lorillard, Northwest Airlines pfd., Philips' Incandescent Lamp, Martin Co. 5½% Sinking Fund Debentures, National Homes Corp. 5¾% Convertible Subordinated Debentures and Virginian Ry. income 6s.

Additions to existing holdings were: Ashland Oil & Refining, National Union Fire Insurance, Pacific Northwest Pipeline pfd., Puget Sound Power & Light.

Holdings in Columbia Gas System, Draper Corporation, Hercules Powder and Tropical Gas were reduced.

Texas Fund Notes 16% Per Share Gain

W. T. Carter, III, President of Texas Fund, Inc., in the Fund's quarterly report dated Feb. 28, 1959, stated that Texas Fund's total net assets reached a new high of $38,520,291, compared to $32,477,032 on Aug. 31, 1958. During the same period the asset value per share rose from $8.37 to $9.73, an increase of 16%.

Mr. Carter praised the recent decision of the Supreme Court of the United States in the so-called Memphis Case wherein the Court affirmed the right of natural gas pipe line companies to revise their rates in accordance with changing economic conditions, subject to approval by the Federal Power Commission. The Circuit Court of Appeals judgment,

rendered several months ago, was reversed.

Mr. Carter expressed the opinion that the future of the natural gas transmission industry has accordingly regained its lustre. This benefits shareholders of Texas Fund, which has long had substantial commitments in companies engaged in the production, transmission and distribution of natural gas.

New additions to the portfolio include E. I. du Pont, Stauffer Chemical, Union Carbide and Sylvania Electric Products. Increases were made in Arizona Public Service, General Telephone, Southwestern Public Service, Tucson Gas, Electric Light & Power, El Paso Natural Gas, Texas Eastern Transmission, Texas Gas Transmission, American Cyanamid, Dow Chemical, Armco Steel and Champion Paper & Fibre Company.

Eliminations in the portfolio were made in American Bank & Trust Co. of Baton Rouge; American National Bank of Beaumont, and Home State Life Insurance Company. Decreases were made in Central & South West; Houston Lighting & Power; Monsanto Chemical; Texas Gulf Sulphur; Anderson Clayton & Co.; Halliburton Oil Well Cementing, and Texas Instruments.

46% of Madison's Holders Take Stk. For Capital Gains

Approximately 46% of those stockholders eligible elected to take their $0.82 per share Madison Fund capital gains distribution in stock rather than cash, Edward A. Merkle, President of the closed-end investment trust, announced.

Both the capital gains distribution and investment income dividend checks of $0.15 per share were mailed March 16, the 208th anniversary of James Madison's birth. "So far as possible, we will probably mail dividend checks annually on Mr. Madison's birthday," Mr. Merkle said.

The capital gains option price was set at $19.3125, the mean market price on Feb. 20. Net asset value at the close of business the same day was $20.76 on the 6,433,095 shares then outstanding. The stock distribution will make an increase of approximately 118,700 shares. Net asset value on March 12 was $21.40 per share.

In 1957, when the option price was set at $12.60 as compared with a market price of $13.75 and an asset value of $17.04 per share, some 66% of those eligible elected to receive their capital gains in stock.

"We believe that this is a real expression of stockholder confidence," Mr. Merkle stated. "In 1957, the percentage was higher, but the option price as compared with asset value was considerably lower."

Madison Fund will establish another precedent this year by holding its annual stockholders' meeting in New York, on Mar. 26, at the Barbizon Plaza. In previous years, the meeting was conducted regularly in the Fund's corporate offices in Wilmington, Del.

Nat'l Growth Fund At All-Time High

National Growth Stocks Series Report to shareowners accompanying the 58th consecutive dividend payment released today shows that total assets of the fund stood at an all-time high of $52,909,963 on the quarter ending Feb. 27, 1959. This represented a 74% increase over the $30,406,131 total a year earlier.

During the same 12 month period asset value per share of the fund sponsored and managed by National Securities & Research Corporation rose from $5.32 to $7.80, a gain of 47%, including adjustment for a capital gain distribution of $.07 per share. On Feb. 27, 1959 shareowners numbered 29,312 compared to 24,950 a year earlier while shares outstanding totalled 6,844,889 compared to 5,720,601.

The five largest individual holdings in the portfolio on Feb. 27 were General Electric Co., Texas Instruments, Inc., Tennessee Corp., Bendix Aviation Corp., and Merck & Co., Inc.

Managed Funds' 1st Quarter Results Best on Record

An all-time sales high and the bull market combined to raise Managed Funds, Inc., net assets 15.3% during the mutual fund group's 1959 first quarter, according to figures released by Hilton H. Slayton, President.

Mr. Slayton, reporting on what he termed "our most successful quarter by far," disclosed record net assets of $79,708,751 at market close Feb. 27, compared with $69,187,699 last Nov. 30, the end of the 1958 fiscal year.

The current total represents a 64.2% gain over the $48,534,137 reported for the same date a year ago.

During the period just ended, sales of shares of the seven Managed Funds classes came to $7,291,970, compared with $3,573,284 during the like 1958 quarter. The increase, amounting to 104%, enabled a near-doubling of the previous quarterly sales high.

Contributing to this total were February sales of $2,618,590, 136% higher than the February, 1958, volume of $1,108,422. It was the second month in a row—and only the second time in Managed Funds' history—that monthly sales topped the $2,000,000 mark.

The fund group's ratio of redemptions to sales—traditionally among the industry's lowest—turned downward during the first 1958 quarter, to under 11%, compared with slightly over 13% during the first three months of last year.

Shares outstanding and number of shareholders came to new highs of 23,772,343 and 25,159, respectively, for 28.2% and 32.3% increases over the 18,536,171 and 19,094 totals of 12 months earlier.

Our Reporter's Report

Presumably attracted by current favorable yields, institutional investors appear to be putting enough new funds into the market to make for a real degree of stability in high grade corporate debt issues.

With the exception of debt issues carrying conversion, or other privileges, the secondary bond market has continued to give a good account of itself.

The recent marking up of Federal Reserve rediscount rates has been taken pretty much in stride and apparently looked upon as little more than recognition of the unusual spread that has prevailed between the bank rate and comparable open market money rates.

Treasury issues have hardened and recouped some of the loss suffered when dealers lowered their bids a week ago in response to the Federal Reserve move. Despite the encouraging behavior of Governments, and the high-grade corporate list the flow of new corporate offerings remains on the ebb.

This, in itself, is of course a factor contributing to the seemingly stiffening undertone of the general market since the limited outpouring of new issues means that potential buyers must look over available opportunities in seeking to place the steady influx of investment funds.

The unprecedentedly high level of equity prices, together with the sparse yields afforded by investment-type stocks also appears definitely to have had its influence in directing the flow of investment money.

Equity Financing

The current booming stock market, if it continues on for a time ahead, promises to provide industry with a broad opportunity for meeting at least part of its capital needs through the sale of stock.

And in such circumstances it appears quite likely that several such projected undertakings slated for the expiring quarter will be dusted off and sent to the post.

A straw-in-the-wind seems to be the plan of Union Electric Co. to offer its holders "rights" for up to $30 million of additional common stock. J. W. McAfee, President, now expects the offering to reach market probably late in the third quarter.

Good Week Looms

Next week promises to keep investment bankers a bit on the busy side, although aside from Eurofund Inc.'s $50 million stock offering, the run of issues does not bulk too large.

On Tuesday, Cleveland Electric Illuminating Co. will open bids for $25 million of bonds and Montana Power will be looking over tenders for a $15 million issue.

The big secondary in Great Atlantic & Pacific Tea Co. Inc., 1.8 million shares, is due to get under way on Wednesday, which is the date for Eurofund's formal offering. And Ohio Edison Co. will be scanning bids for $30 million of bonds. On the same day, Food Fair Stores Inc. has $21,750,000 of convertible debentures with prior rights accruing to stockholders.

Armco Steel's Issue

One of the biggest of recent negotiated undertakings will be Armco Steel Corp.'s $75 million of 25-year sinking fund debentures recently put into registration with the Securities and Exchange Commission.

Underwriting bankers in this case will have the opportunity for being more realistic in their pricing of the debentures than might have been the case if competitive bidding for the issue had been required first.

Proceeds will put the issuer in funds to be applied to the construction of new plant, plus improvements and other replacements of property.

Lord, Abbett Appts. Berndt & Kennedy

Lord, Abbett & Co., 63 Wall Street, New York City, sponsors of Affiliated Fund and American Business Shares, announced that Alvin H. Berndt is now in charge of the firm's Eastern territory and Daniel C. Kennedy, Jr. in charge of the Chicago office, 120 South La Salle Street, and Midwest territory.

Hodde & Coggeshall Appointed by Colonial

William S. Hodde and J. Wells Coggeshall have been appointed Eastern Regional Representatives of Colonial Distributors, Inc., of Boston, national distributor of shares of The Colonial Fund and Gas Industries Fund. They will maintain regional headquarters at 115 Broadway, New York.

Mr. Hodde will be responsible for dealer contacts in New York City, New Jersey, Pennsylvania and Delaware and will be assisted in this area by Mr. Coggeshall, who will continue to be responsible for dealer relations in southeastern states from Maryland to Florida.

Mr. Hodde has recently been a successful retailer of mutual funds with a New York Stock Exchange member firm in Detroit.

Mr. Coggeshall has been with Colonial as a regional representative for nine years.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — The atomic age began the first of August, 1945, when the atom bomb was dropped on Hiroshima, and melted the Japanese city of 300,000 people. No one will ever know the exact number, but from 70,000 to 120,000 perished as a result of that bomb flown hundreds of miles away from the tiny little island of Tinian.

The atom is involved. Only a small percentage of Americans —and they are scientists and engineers primarily — have the faintest idea of the physical aspects of the atom. Everyone understands, however, that the atom is a mighty powerful thing, tnd that it can be terribly destructive.

While atomic research, primarily in the electric power field and other useful purposes goes on at a marked pace, Congress is devoting more and more attention to missiles and space. Just a few weeks ago this government, with confidence of course, gave the McDonnell Aircraft Company, St. Louis, Mo., a contract to build a series of satellite capsules to put man in orbit around the earth.

Impact on Industry

What does all of these things mean to the economy? No one is quite sure of all the ramifications at this time, but some Washington economists maintain that the huge expenditures are going to affect many companies. The space and missile activities already are affecting numerous companies.

The National Aeronautics and Space Administration, which has recommended $500,000,000 for the 1960 fiscal year expenditures, says the sum may be comparatively small compared to what it may seek from Congress within a few years. Dr. T. Keith Glenna, NASZ chief, says the proposed appropriation is a down payment in the march of space age progress. He said that before the first effort by this country to put man into space, the bill probably will exceed $200,000,000.

The contract to McDonnell Aircraft provides, among other things, for a man-carrying capsule. It will weight from 2,000 to 3,000 pounds. The capsulue will include sending and receiving radio equipment. The United States Government is now supposed to be the biggest buyer of electronic equipment, and some of the early hearings on capitol Hill indicate that the Government will be purchasing substantially more next year.

Huge Responsibilities

A trade association publication, "Planes," (official publication of the Aircraft Industries Association) reports that the aircraft and missile industry employs more scientists and engineers for research and development than any other major manufacturing industry. The National Science Foundation says the aircraft and missile industry has led other manufacturers in the increase of scientific and engineering personnel since 1954.

"The United States aircraft and missile industry today," said "Planes," "has responsibilities unparalleled in industrial history. This industry has the same obligations to stockholders as all other manufacturers, but more than corporate success hinges on its actions—the effectiveness of our national defense program, our role in space exploration is directly involved.

"This places a vital premium on the necessity for prudent, imaginative devisions by management in the aircraft and missile industry. In addition technological progress in the industry is so rapid that a sound decision made six months earlier on the basis of available knowledge can be nullified by a major technical discovery. And even the best decisions can be hamstrung by administrative rules not geared to a fast-moving technology."

The missile, and aircraft industries are concerned with actions and appropriations by Congress, because the government makes about 80% of the gross sales from these industries.

Would Indemnify Industry

In the march of progress there are always new problems following along. For instance, the industries testing new weapons take a big gamble. As a result, Chairman Carl Vinson of the House Armed Services Committee has introduced a bill providing for indemnification.

Under the bill by the Georgian, the government's obligation for any single incident would be limited to $500,000,000. The indemnification granted to prime contractors would automatically cover their subcontractors and suppliers.

Representative Vinson has pointed out on more than one occasion that a major accident could wipe out a corporation. The Vinson proposal would cover atomic projects as well as space and missiles and aircraft indemnification.

At this time tsetimony before Congressional committees show that disposal of waste products from nuclear power systems, such as ashes, is an acute problem. Congress has been warned that radiation from waste from a single atomic power reactor is equivalent to many, many tons of radium. Because of the great health hazard involved, the problem is serious. These hazards may stifle development of the nuclear power industry, because of some of the bad features.

Too Much Government Business

The fact that the government of the United States purchases about 80% of the gross sales of aircraft and missile industries, is not necessarily a good thing for the industries.

The business publication, "Electronic Industries," made this recent pertinent industrial observation: "In previous editorials we have mentioned that the United States Government is today the largest purchaser of the gross national electronic product. We have also mentioned the desirability of changing this condition by raising the output ratio of the consumer-commercial-industrial segments of the industry.

"Accomplishing this would provide greater stability to the industry and greater job security for all. Sporadic cutbacks, cancellations, and changes in military procurement can lead to great upheavals in organizations who depend on this as a primary source of income, especially the smaller ones. Ideally, only about 25% of the annual business volume of any organization should be devoted to military and government products. . . ."

Government Real Estate

The United States Government owns too much land. More of it should be on the tax rolls of the various states. The latest inventory shows that the government owns 769,700,000 acres. The acreage is equivalent to an area almost two-fifths of the size of the continental United States.

Our Country owns real property in all states, the District of Columbia, nine territories and possessions and 108 foreign countries. Of the 12,674 installations which the government maintains in the United States, 4,176 or a third is under the jurisdiction of the Department of Defense. The Post Office Department is second with 3,135.

The government's largest land-owning agency is the Department of Interior. It has 548,000,000 acres under its jurisdiction.

FDIC: 25 Years

The Federal Deposit Insurance Corporation, in its 25th anniversary report, proudly pointed to its accomplishments since its creation in 1933. In the past 25 years the number of banks and branches has undergone a great change as a result of mergers and by the growth of branch banking.

The banking business continues to undergo changes with more and more mergers. In 1934 there were 15,000 banks and 3,000 branches in operation. At the end of 1958 there were 14,000 banks and about 9,000 branches, with 95% participating in Federal deposit insurance. About two-fifths of the non-insured banks are mutual savings banks.

The year 1959 began with the deposit insurance fund amounting to $1,965,000,000. It is estimated that about 98% of the accounts in insured banks have balances of less than $10,000.

During the 25 years of operation, the corporation has made disbursements to approximately 1,500,000 depositors in 436 banks which were in serious financial difficulties. Nine-tenths of the cases occurred during the first 10 years of deposit insurance.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"I know you want your contribution to be anonymous, Mr. McTavish, but you still have to sign your check!"

Stocks, Bonds & Inflation Panel

RICHMOND, Va.—A panel discussion of "Stocks, Bonds and Inflation" will be held on Station WXEX-TV (an NBC affiliate) in Richmond on Sunday, March 22 from 1:30 to 2 p.m.

Dean Herman P. Thomas, of the School of Business Administration of the University of Richmond, will be moderator. Members of the panel will be Walter W. Craigie, F. W. Craigie & Co., Joseph Muldowney, Scott & Stringfellow, and Dr. Ira U. Cobleigh, enterprise economist and regular contributor to the *Commercial and Financial Chronicle*.

NY Investment Assn. To Hold Luncheon

The next monthly luncheon meeting of the Investment Association of New York will be held Tuesday, March 24, at 12 o'clock on the fourth floor of Schwart's Restaurant, Inc., 54 Broad Street, New York City. Guest speaker will be Aubrey G. Lanston, Aubrey G. Lanston & Co., Inc.